



SOLICITATION AMENDMENT

Solicitation Number

EV07-0027

Amendment Number

ONE (1); page 1 of 2

Solicitation Due Date: May 14, 2007, 3:00pm Local Arizona Time

Solicitation Title: Arizona Vehicle Emissions Inspection Program

The Arizona Department of Environmental Quality Procurement Office must receive a signed copy of the Solicitation Amendment by the Solicitation Due Date and Time cited above.

Solicitation sections have been modified or deleted or added as indicated within the attached Solicitation. Two formats for the entire solicitation are attached: 1. In final form (**without** cross through and underlined text); and, 2. In interlineated form (changes noted **with** cross out and underline). The interlineated version is provided for convenience of the reader, to more easily see the changes made to the Solicitation; this is not the official solicitation amendment, the official solicitation amendment is the version that does not have the cross through and underlined text. The interlineated version will not necessarily have the correct page number listed in the Table of Contents as the page numbers have not been changed in this version (also, page numbers for each individual page may not be in proper sequence), but they have been changed/corrected in the final form version.

The following sections of the solicitation are amended by either adding or deleting or modifying the section as indicated within the attached solicitation amendment:

1. Cover page (#1), "**SOLICITATION DUE DATE AND TIME**": The date is amended to read May 14, 2007.

2. **TABLE OF CONTENTS**: Amended to reconcile to changes made to the Solicitation.

3. **SCOPE OF WORK** - Sections:

1.2.12; 2.1.2; 2.2.1; 2.3.1.1; 2.3.2; 2.3.4; 2.3.18.1; 2.3.18.2; 2.4.1; 2.5.3.3; 2.5.10.1; 2.5.28; 2.5.45; 2.5.46; 2.5.51.2; 2.5.52; 2.6.2; 2.6.7; 2.6.14.1; 2.6.15.1; 2.6.16.1; 2.6.16.3; 2.6.16.4; 2.6.20; 2.6.21.1; 2.6.22; 3.1.7; 3.1.8; 3.1.17; 3.1.18; 3.1.21; 3.1.22; 3.1.32; 3.1.33; 3.1.34; 3.2.4; 3.3.2.1; 4.2.3; 4.2.9; 4.3; 4.3.2; 4.3.2.2; 4.4.3.2; 4.4.4; 4.5.5; 4.7.4.2; 4.7.4.3; 4.8.1.3; 4.8.6; 5.4; 6.1; 6.6.4.2; 7.0.

4. **SPECIAL TERMS AND CONDITIONS** - Sections:

3.4; 3.4.2; 3.10; 13; 15.1; 15.2; 15.3; 15.4; 17; 20.2; 21.6; 21.7.2.1; 21.7.2.2; 24.7; 24.7.2; 33.

5. **SPECIAL INSTRUCTIONS TO OFFERORS** - Sections:

5.1.1; 16; 19.1; 19.2; 19.3; 19.4; 28.2; 28.3.3; 31.1.5; 31.4.3; 33.7. The following is added to the **SPECIAL INSTRUCTIONS TO OFFERORS**:

35. CLARIFICATION

In response to the discussion during the Pre-Proposal Conference on 3-16-07, regarding multiple awards, as to whether offering a partial solution to the Scope of Work is acceptable, the following additional guidance is provided. A partial solution will only be considered by ADEQ if a complete solution has been offered. Any offer that deviates from the terms and conditions listed below must be clearly marked an "Alternative Offer". ADEQ is not obligated to accept an Alternative Offer and any Alternative will only be accepted if determined advantageous to ADEQ. The following sections should be carefully reviewed: Scope of Work sections 1.1; 1.1.1; 2.1.2; Uniform Instructions to Offerors section F.1; Special Instructions to Offerors section 30.

CONTRACTOR

TO THE ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY: The undersigned hereby acknowledges receipt and understanding of this Solicitation Amendment.

Company

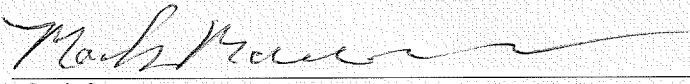
Signature

Typed Name

Date

ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

The above referenced Solicitation Amendment is hereby executed this 27th Day of March 2007.


Sandy Sutton
FOR Chief Procurement Officer

Arizona Department of Environmental Quality
Contracts and Procurement Section
1110 West Washington Street, Mail Code: 6415A-4
Phoenix, AZ 85007-2935
Phone No.: (602) 771-4727
Fax No.: (602) 771-4439

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EXHIBITS

The following Exhibits have documents amended: 11; 12; 18 (the only document originally in the solicitation is revised).
The following Exhibits have documents added: 8; 17; 18 (seven (7) new documents have been added to this Exhibit).

The Contract start date or start of the "Implementation Phase" or "Notice of Award" – The Contract start date and the start of the "Implementation Phase" and the "Notice of Award" is amended to delete any reference or inference to "July 1, 2007" and replaced with "the later half of July 2007". Where a contract start date or start of the "Implementation Phase" or the "Notice of Award" reads "July 1, 2007" it is amended to read "the later half of July 2007".



**STATE OF ARIZONA
NOTICE OF REQUEST FOR PROPOSAL
ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY**

SOLICITATION NUMBER: EV07-0027; Amendment # one (1)

DESCRIPTION: Arizona Vehicle Emissions Inspection Program

SOLICITATION DUE DATE AND TIME: May 14, 2007, 3:00 pm Local Arizona Time.

SUBMISSION OF INQUIRIES DUE DATE: Inquiries regarding this Request For Proposal should be submitted in writing (e-mail is preferred) seven (7) days prior to the Pre-Offer Conference (see Special Instructions to Offerors, section "6" for date, time and location information) **to the Solicitation Contact Person identified below.**

OFFER DELIVERY LOCATION: Courier/hand delivery location: Arizona Department of Environmental Quality, ADEQ Reception Room 160, located at 1110 West Washington Street; Phoenix, Arizona 85007-2935. Mailing address:
Arizona Department of Environmental Quality
Contracts and Procurement Unit - Solicitation Coordinator
1110 West Washington Street
Phoenix, Arizona 85007-2935

In accordance with A.R.S. §41-2534 competitive sealed Proposals for the services specified will be received by the Arizona Department of Environmental Quality, Contracts and Procurement Unit, at the specified location until the time and date cited above. Offers received by the correct time and date will be opened and the name of each Offeror will be publicly read. Offers must be in the actual possession of the Arizona Department of Environmental Quality, Contracts and Procurement Unit, on or prior to the time and date, and at the location indicated above. **Late Offers shall not be considered.**

Offers shall be submitted in a sealed package with the Request For Proposal (RFP) number and the Offeror's name and address clearly indicated on the package (RFP also means "Solicitation"). Additional instructions for preparing a Proposal are provided in the Uniform Instructions and Special Instructions as contained within this notice.

Solicitation Contact Person:

Richard Szawara, Contract Officer
Phone Number: (480) 203-6866
Facsimile Number: (602) 944-1381
If sending a Facsimile call 480-203-6866 to verify receipt
E-mail: deq1110@cox.net

February 15, 2007

SIGNATURE ON FILE

Sandra L. Sutton
Chief Procurement Officer



PLEASE PRINT ON RECYCLED PAPER

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1 INTRODUCTION AND GENERAL INFORMATION

- 1.1 Objective: The objective of this Procurement is the operation of Arizona's periodic vehicle emissions inspection program. The program identifies vehicles which exceed applicable emissions standards, requires repair of the cause of the failure, and requires that a failing vehicle pass a retest or qualify for a waiver from additional repair before it can be registered in either of the state's two Inspection and Maintenance (I/M) Program areas, metropolitan Phoenix (Area A) or metropolitan Tucson (Area B). To achieve this objective, the Contractor must provide:
- 1.1.1 A network of conveniently located and readily accessible inspection stations located in the metropolitan Phoenix and Tucson areas, known as emissions control Areas A and B, respectively. Station sites serving high population growth areas shall be capable of expanding should anticipated demand significantly exceed projections, or to decrease wait times that exceed the maximum acceptable tolerance standard.
 - 1.1.2 Convenient hours of operation.
 - 1.1.3 State of the art inspection equipment, instrumentation and inspection system.
 - 1.1.4 Professional, well-trained, helpful and courteous personnel.
 - 1.1.5 Performance of inspections consistent with applicable state and federal laws, rules, and technical guidance. Consistency of approach and application from location to location, lane to lane, employee to employee, and where applicable, area to area.
 - 1.1.6 Maximized identification of high emitting vehicles.
 - 1.1.7 Accuracy, dependability and reliability of equipment and inspection system.
 - 1.1.8 A clean, safe and healthy environment for employees and customers.
 - 1.1.9 Quality customer service and timely customer complaint resolution (including damage claims).
 - 1.1.10 One free retest for each failing vehicle, provided the vehicle is presented within sixty (60) days of the preceding paid test, the driver surrenders the Vehicle Inspection Report (VIR) from the preceding paid test, and the required repair information has been provided on the back of the vehicle inspection report.
 - 1.1.11 Efficiency and cost effectiveness (lowest possible test fees).
 - 1.1.12 Public (customer) education and assistance.
 - 1.1.13 Continuous assessment and reporting of performance metrics, including a data warehouse function for program tracking and evaluation.

- 1.1.14 Ongoing quality control and quality assurance.
- 1.2 Terminology: As used in this Solicitation and any resultant Contract, the terms listed below are defined as follows:
- 1.2.1 ADEQ - The Arizona Department of Environmental Quality, 1110 West Washington Street, Phoenix, Arizona 85007.
- 1.2.2 AVEI - Arizona Vehicle Emissions Inspection Program: The centralized enhanced and basic I/M programs as they shall be implemented and operated in the metropolitan Phoenix area and the metropolitan Tucson areas, respectively.
- 1.2.3 Area A - The emissions control area (including a major portion of Maricopa County and parts of Pinal and Yavapai Counties) as delineated in A.R.S. § 49-541 (1).
- 1.2.4 Area B - The emissions control area (including metropolitan Tucson, Oro Valley and a major portion of Pima County) as delineated in A.R.S. § 49-541 (2).
- 1.2.5 Centralized, Basic Inspection/Maintenance (I/M) Program - The centralized, test-only, basic inspection and maintenance program, as it shall be operated in Pima County (Area B). This program is a non-transient (steady-state) loaded mode and idle test, On-Board Diagnostics (OBD) and loaded diesel opacity test program.
- 1.2.6 Centralized, Enhanced I/M Program – The centralized, test-only, inspection and maintenance program, as it shall be operated in Maricopa County and portions of Pinal and Yavapai Counties (Area A). This program includes loaded transient mode (IM 147), steady state loaded mode, curb idle, OBD, SAE J1667 (diesel snap acceleration) and loaded diesel testing.
- 1.2.7 Data Management Operation – Operation of the data management system of the I/M program.
- 1.2.8 Director – The Director of the Arizona Department of Environmental Quality or his/her designee.
- 1.2.9 Program Manager – The Arizona Vehicle Emissions Inspection Program Manager.
- 1.2.10 Station Operation – Operation of the basic and enhanced emissions testing stations.
- 1.2.11 Waiver/Referee Facility – ADEQ Waiver/Referee facilities are used for waiver qualification tests and settling motorist disputes or complaints. Each Waiver/Referee facility is operated by ADEQ personnel, with equipment provided by the Contractor. Facilities are located at 600 N. 40th Street, Phoenix, AZ 85008 and at 4040 E. 29th Street, Tucson, AZ 85711.

- 1.2.12 Implementation Phase – The portion of the Contract between Notice of Award (anticipated to be the later half of July, 2007) and start of emissions testing (January 2, 2009). Implementation phase includes, but is not limited to, the acquisition of station sites, construction of stations, purchase and installation of equipment and acceptance testing.
- 1.2.13 Operational Phase – The portion of the Contract from the beginning of testing (January 2, 2009) until the expiration or termination of the contract.

2 I/M PROGRAM REQUIREMENTS

2.1 Network Design

Reference materials:

1. Exhibit 1: Arizona Revised Statutes (A.R.S.) § 49-541 et seq.
2. Exhibit 2: Arizona Administrative Code (AAC) R18-2-1000 et seq.
3. Exhibit 3: 40 Code of Federal Regulations (CFR) Part 51, Subpart S (§ 51.350 et. seq.), and Appendix A-E
4. Exhibit 4; Workload 2002-2006.xls

- 2.1.1 The AVEI Program shall be operated and performed by the Contractor in accordance with Arizona law and rules and the federal requirements for a centralized, test-only, enhanced I/M program in the metropolitan Phoenix area (Area A) and, in metropolitan Tucson area (Area B), for a centralized, test-only, basic I/M program as set forth in Exhibit 1, Exhibit 2, and Exhibit 3.
- 2.1.2 The Contractor shall design, implement and operate an I/M program for the entire Arizona Vehicle Emissions Inspection Program area for ADEQ in accordance with the Contract. Inspection station facilities shall remain in operation for the life of the contract, unless specified otherwise by ADEQ. Each station and location is subject to written approval by ADEQ. Stations shall not be located where traffic from the station would interfere with the activity of churches, schools, hospitals, parks, and shall not be located within or adjacent to existing residential areas or vacant land zoned for residential use. Station sites shall be located to meet local zoning codes. In selecting station sites, Contractor shall choose locations that take advantage of major transportation corridors, areas of concentrated employment or major residential communities, in order to minimize customer travel. Contractor shall take into consideration the rapid growth occurring in suburban and exurban areas and determine station siting that provides a high level of customer convenience through the end of the Contract. In addition to all other considerations for station locations, the contractor shall choose locations that serve motorists with vehicles registered in the far eastern and western communities in Area A. ADEQ will approve station sites based on accessibility to the greatest number of subject vehicles that, throughout the term of the Contract, are within reasonable distance or travel time. In the event that the selected facility location becomes unavailable and a station site must be chosen that falls outside of a two (2) mile radius from the proposed location, written ADEQ approval of the variance shall be required.

- 2.1.3 Contractor shall build an adequate number of inspection lanes at each inspection station so that, during a calendar month, no more than thirty (30) percent of the customers are required to wait more than fifteen (15) minutes before the inspection begins and no more than fifteen (15) percent of the customers wait more than thirty (30) minutes for the inspection to begin at any given station.
- 2.1.4 To aid the Contractor in designing a testing network with appropriate testing capacity, the historical testing workload for calendar years 2002 thru 2006 are available in Exhibit 4. Testing volumes are reported by test area (A, B), test type, test month, and testing station. ADEQ does not represent or warrant that this historical testing workload and testing volumes reflect anticipated workloads and volumes.
- 2.1.5 The Contractor shall provide all labor, materials, and financial resources necessary to locate, design and/or construct I/M stations, or acquire land or properties. The Contractor shall equip and operate the inspection stations.
- 2.1.6 The Contractor shall be responsible for satisfying all federal, state, and local governmental regulations. These may include securing building permits to initiate work at each station site, bearing the costs of all required permits, impact and environmental studies, and any costs associated with the development or use of the station sites, including, but not limited to, the cost of gaining access to state and local highways.
- If necessary, the Contractor shall perform any Phase I Environmental Site Assessments (ESA) and any subsequent Phase II and III work at each station site. The State of Arizona shall not be liable for any potential environmental problems associated with development and operation of station sites.
- 2.1.7 The Contractor's buildings and construction shall conform to local zoning laws, ordinances, and building codes.
- 2.1.8 The Contractor shall ensure facilities are compatible with the general architectural design of the neighboring community in which they will be located. Stations shall be attractive and functional, with efficient utilization of space and shall be economical to operate and maintain. All Occupational Safety and Health Administration (OSHA) and Americans with Disabilities Act (ADA) requirements shall be followed.
- 2.2 Site Acquisition
- 2.2.1 The Contractor shall locate and acquire station sites of sufficient number and size to meet the customer convenience requirements, wait time standards and the technical requirements for this procurement. The station and location shall be subject to written approval by ADEQ for compliance with the Scope of Work. The contractor shall site stations to provide convenient service, at as high of level as practical to all customers throughout the term of the contract, which could require stations in areas not yet deemed high density, but are high growth. Station locations will not be approved that ADEQ believes are

not in the best interest of our customer base. Proposed sites shall be submitted to ADEQ on or before August 25, 2007.

- 2.2.2 In addition to the factors in the Network Design section, the Contractor shall consider the following factors when selecting station sites:
 - 2.2.2.1 The anticipated number and types of vehicles to be inspected shall be a prime consideration in selection of each station site.
 - 2.2.2.2 The Contractor shall provide sufficient queuing space, safe and convenient means of entrance to and exit from the property without unduly affecting traffic flow. The Contractor shall provide a means for disabled and other vehicles to escape from the queue.
 - 2.2.2.3 Station sites shall be reasonably level and shall be of sufficient size to accommodate the inspection station.
 - 2.2.2.4 Contractor shall consider potential problems, including topography, terrain, drainage, utilities, and traffic concerns in station site selection.
 - 2.2.2.5 Contractor shall consider the impact of traffic and land use on adjoining property and the surrounding neighborhood when selecting station sites.
- 2.2.3 The Contractor shall, on or before October 24, 2007, provide proof of ownership or lease for all approved station sites. Proof of Ownership or lease includes binding agreements to own or lease real property contingent upon Contractor's receiving required permits.
- 2.3 Facility Acquisition
 - 2.3.1 The Contractor shall be responsible for inspection station building modifications and/or construction. Contractor shall provide all utilities. Electrical systems shall be provided, which include emergency back-up power sufficient to assure the continuity and integrity of the inspection data.
 - 2.3.1.1 The percentage of vehicles subject to the OBD test is increasing; therefore "OBD only" lanes may be permitted by ADEQ. Where it can be demonstrated, initially or during the contract term, that vehicle populations, at specified inspection stations exceed sixty-five percent (65%) OBD subject vehicles, the Contractor may, with written ADEQ approval, establish "OBD only" lanes which do not require equipment for tailpipe testing. Access to "OBD only" lanes must be clearly marked and throughput to all lanes must not be disrupted. No station shall be operated without at least one (1) full service lane in operation during all operating hours. A full service lane is equipped for the performance of any test performed on light or medium duty gas or diesel vehicles and trucks.
 - 2.3.2 All inspection facilities shall be in fully enclosed buildings to provide security and protection from inclement weather for customers and staff. Areas may be combined where feasible and reasonable. The interior of inspection stations shall consist of the following: a motorist service area sufficient in size

to accommodate the required functions and personnel, storage for operating and maintenance supplies and materials, including sufficient spare parts and backup equipment, calibration and span gas storage room, a mechanical room for maintenance work, if applicable, security facilities for program revenues, and separate men's and women's restrooms for employee and motorist use. Restroom facilities may be shared by the public and by Contractor employees.

- 2.3.3 In-Process Inspections: The Contractor shall establish and maintain a system of in-process inspections during the manufacture, construction, and installation of the inspection station to ensure the quality and serviceability of all system components, subsystems, and compliance with the Scope of Work.
 - 2.3.3.1 During the Implementation Phase, ADEQ shall have access to and may inspect materials and equipment to be incorporated into the inspection station. All materials and equipment must be consistent with the drawings and specifications submitted to and approved by ADEQ.
 - 2.3.3.2 The Contractor shall furnish to ADEQ representatives all necessary equipment for their safety while inspecting the facility.
 - 2.3.3.3 Neither the inspection, nor lack of inspection of any portion of the facility, nor the presence of an ADEQ representative during performance of any of the construction, shall waive any of the requirements of the Contract or relieve the Contractor of any obligations thereunder or render the State of Arizona in any way responsible or liable for the quality of the work or design of the facility.
 - 2.3.3.4 Any work performance, materials, or equipment not conforming to the specifications and drawings may be rejected by ADEQ and shall be corrected by the Contractor. Any deviation from the original specifications and drawings must be approved in writing by ADEQ. Such deviation must provide for the same or greater level of service or performance.
- 2.3.4 The Contractor may partner with MVD to provide vehicle registration renewal activities at inspection stations. The design of the inspection stations shall provide that the area used for renewal activities shall be in addition to and will not infringe on the area established for queuing, testing or motorist parking. (See also 3.1.22)
- 2.3.5 The Contractor shall provide parking spaces for Contractor employees, plus at least one parking space per lane for motorists. Contractor shall provide convenient parking space for disabled persons.
- 2.3.6 The Contractor shall ensure inspection lanes have adequate queuing space for vehicles waiting to enter the inspection area. All queuing space shall be on station property and shall not overflow onto an adjacent street or conflict with station parking areas.

- 2.3.6.1 The location or arrangement on each station site of vehicle queuing lanes shall not permit vehicles to enter the queue directly from adjacent roads, streets or highways.
- 2.3.7 The Contractor shall ensure lane entrances and exits accommodate vehicles up to 13'6" maximum vehicle height, except that lanes designed for the inspection of heavy duty diesel vehicles shall have a minimum door height of 14'6". All inspection lanes shall provide for drive through entrances and exits which minimize conflict with other vehicles present for inspection or other business.
- 2.3.8 The Contractor shall ensure that all surfaces upon which vehicles will move are properly paved and maintained. Lane and directional markings shall be properly painted and maintained. All markings shall be consistent with those used on public highways.
- 2.3.9 The Contractor shall appropriately landscape and provide suitable ground cover. Exposed soil is prohibited. If local planning and zoning regulations require foliage buffering, landscaping shall be enhanced through the use of turf, trees, shrubs or other plantings. The landscape treatment shall be complimentary to the architectural design of the station and consistent with local surroundings and favor low water use plants.
- 2.3.10 Station Signs: Each inspection station shall have at least one permanent illuminated inspection station sign, constructed of like material as the inspection station, identifying the facility as an emission inspection station. The sign(s) should be located near to the highway, road or street on which the station is located, and of sufficient size to be easily read from both traffic directions. Signage shall be submitted for approval by ADEQ on or before September 4, 2008.
- 2.3.10.1 Each station shall also have signs clearly identifying lane entrances and exits, traffic direction, visitor information, visitor parking and motorist instructions for inspection.
- 2.3.10.2 Each station shall have signs as specified by Exhibit 1, A.R.S. §49-542(T).
- 2.3.10.3 Each station lane and customer service area shall have signs printed in English and Spanish, warning motorists that "Offering a bribe is a crime. Violators will be prosecuted." Spanish language signs must include the following written in both English and Spanish: "This is a translation from the original text written in English. This translation is unofficial and is not binding on this state or a political subdivision of this state."
- 2.3.10.4 Contractor shall place signs at heavy duty diesel vehicle (HDDV) station queue entrances advising HDDV operators that trailers are not permitted and program informational materials shall also advise of this restriction.
- 2.3.10.5 The Contractor shall provide, as a part of the station signage, a programmable electronic information message display, showing current wait time, alternate locations, days and hours of operation and other pertinent

messages. The display may be made a part of the main station sign (2.3.10) or located where it can be readily observed from the queue.

- 2.3.11 The Contractor shall utilize the lane configuration as specified in the Contract. The inspection tasks to be performed at each lane position and the sequence of events shall be as specified in the Contract.
 - 2.3.11.1 Each testing station shall have sufficient test lanes to meet the requirements of 2.1.3. No station shall have only one lane.
 - 2.3.11.2 All non-OBD dedicated lanes shall have the capability for the inspection of passenger cars and light duty trucks, as well as larger trucks and oversize vehicles (e.g. step vans and dual-wheel pickups). The Contractor shall designate stations and lanes for the inspection of heavy duty diesel vehicles (HDDV) adequate for good customer service. HDDV stations and lanes shall be located close to major truck traffic routes (in-town highways) and shall accommodate the truck tractor. Contractor shall make reasonable effort to separate HDDV traffic from light duty vehicle traffic to smoothly handle both in stations equipped for HDDVs.
- 2.3.12 The Contractor shall design lanes that provide a vehicular travel surface sufficient to accommodate vehicles up to and including eighty thousand (80,000) pounds (GVWR) and axle loading up to twenty thousand (20,000) pounds.
- 2.3.13 The Contractor shall provide inspection bays that contain a flat, smooth, hard surface floor. All floors should be sealed and have anti-slip compound applied in foot traffic areas. Floor areas shall be free of obstructions unrelated to the inspection procedures.
- 2.3.14 One Carbon Monoxide (CO) monitor per station shall be required and shall be placed adjacent to the emissions test position of the center lane(s), five to six feet above the floor. Monitors shall be calibrated following manufacturer's specifications.
- 2.3.15 Supplemental ventilation shall be provided to prevent high emitting vehicles from affecting test results in adjacent lanes.
- 2.3.16 The Contractor shall provide a safe and comfortable waiting area adjacent to the inspection lane, allowing motorists to view the Contractor's inspection during IM147, OBD and front-wheel drive vehicle testing. Optionally, the motorist may choose to view the inspection from a passenger seat within their vehicle.
- 2.3.17 On or before October 24, 2007 (one hundred twenty (120) days after Notice of Award), the Contractor shall submit a detailed drawing, in compliance with the Scope of Work, of each station to ADEQ for review and approval. Final construction documents for facilities shall be prepared, signed and sealed by a registered architect and/or Professional Engineer licensed to practice in the State of Arizona. The station must be approved in writing by ADEQ. The Contractor shall amend specifications or revise any design not meeting Scope of Work requirements.

2.3.18 Waiver/Referee Facilities:

2.3.18.1 Contractor shall have available to ADEQ, upon request, at least one full service inspection lane each, in Area A and Area B, and one HDDV lane in Area A, to be used as temporary waiver inspection facilities in the event of an emergency.

2.3.18.2 The Contractor shall provide all labor, materials, and financial resources necessary to equip the Waiver/Referee facilities in metropolitan Phoenix and Tucson. The Contractor shall provide, install and maintain testing equipment for the Waiver/Referee facilities identical to that utilized in the inspection facilities, for the respective program areas. The Phoenix facility has two full service waiver lanes and one HDDV lane (outside). The Tucson facility has one full service waiver lane.

2.4 Inspection System Equipment

2.4.1 The Contractor shall acquire, install, test and maintain all of the emissions inspection equipment required to operate all aspects of the program, as well as sufficient backup equipment to meet the requirements of the Contract. The Contractor is cautioned that equipment incapable of meeting the performance and/or durability requirements specified in this Contract will not be accepted by ADEQ for program use. The Contractor shall provide, install and maintain all of the furniture, furnishings, and accessories as required to operate the program.

2.4.2 The Contractor shall maintain current equipment design documentation at the Contractor's Phoenix administrative offices. Documentation shall include, but is not limited to, specifications for materials, parts and equipment lists, catalog data sheets, performance curves, diagrams and similar descriptive materials, master block diagrams of the complete system containing sufficient information to serve as assembly drawings for the system, equipment layout for the station, showing the precise location of each major item of equipment and the required utilities for each. Electrical services shall be indicated by voltage, phase and current load. All details shall be final and shall cover all phases of installation such as pit requirements, air supply, electrical requirements, water supply and disposal.

2.4.3 The Contractor shall maintain an inventory of spare parts, supplies, equipment, and calibration and support gases for inspection stations. Inventory may be kept at inspection stations or elsewhere. The inventory shall be adequate to provide for all anticipated or scheduled maintenance and service needs of the operations. All spare parts, equipment and gases removed from inventory shall be replaced promptly.

2.4.4 The Contractor shall utilize reliable equipment and establish an effective preventative maintenance program, which includes provisioning for spare parts and repair or replacement of defective or worn equipment. (ref. 2.5.9)

- 2.4.5 The inventory of spare parts, supplies, equipment, and calibration and support gases for the inspection stations shall also be used for the operation of Waiver/Referee facilities. The inventory of spare parts, supplies, equipment, and calibration gases shall be adequate to provide for all anticipated or scheduled maintenance and service needs of the Waiver/Referee facilities. All spare parts, equipment, and gases removed from inventory shall be replaced promptly.
- 2.5 Arizona Vehicle Emissions Inspection Program Operation
Reference materials:
1. Exhibit 1: Arizona Revised Statutes (A.R.S.) § 49-541 et seq.
 2. Exhibit 2: Arizona Administrative Code (AAC) R18-2-1000 et seq.
 3. Exhibit 3: 40 Code of Federal Regulations (CFR) Part 51, Subpart S (§ 51.350 et. seq.), including Appendices A-E
 4. Exhibit 5: Arizona Revised Statutes (A.R.S.) § 1-301
- 2.5.1 The program shall be operated in accordance with requirements of Exhibit 1, A.R.S. §49-542; Exhibit 2, AAC R18-2-1006; and Exhibit 3, 40 CFR § 51.350 - 51.371, and Appendix A-E.
- 2.5.2 The days and daily hours the AVEI Program shall be operated are from 8:00 am to 7:00 pm, weekdays, and 8:00 am to 5:00 pm Saturdays, unless variations are pre-approved by ADEQ. Contractor need not operate stations on the following state holidays, as defined in Exhibit 5: New Year's Day, Memorial Day, 4th of July, Labor Day, Thanksgiving, Christmas Eve Day and Christmas Day.
- 2.5.3 The Contractor shall operate the inspection station in compliance with the following reliability standards:
- 2.5.3.1 Regular and preventive maintenance shall be scheduled either outside the hours of operation or during hours of low demand. Maintenance during normal operating hours shall not interfere with providing the required level of service to the public.
- 2.5.3.2 Equipment failures, repairs, or replacement activities shall not result in all the lanes of any inspection station being shut down during business hours.
- 2.5.3.3 Equipment failures, repairs, or replacement activities shall not result in test lane downtime for more than eighteen (18) hours of operation for any single event or a network total of more than one half of one percent (0.5%) of available lane hours in any month. A lane is down when the lane is not available for conducting all types of tests for which it was designed due to equipment failure or inadequate staffing. If a lane has multipurpose capabilities, such as for testing heavy duty diesel vehicles or constant four wheel drive vehicles, the lane is considered to be down if any of these capabilities is not operating. A lane is not considered down if the Contractor is able to keep a lane open but has closed the lane due to low demand for inspections. Downtimes of ten minutes or less need not be reported. Downtimes of greater than ten minutes shall be rounded to the nearest half hour (but not less than one-half hour). Contractor shall immediately notify the

Program Manager via e-mail if, for any reason, one or more lanes must be considered down for more than ten (10) minutes.

- 2.5.4 In the event that station or lane downtime exceeds the standards specified, the Contractor shall be subject to liquidated damages as specified in the Special Terms and Conditions. Downtime calculations are based on the scheduled operating hours specified in the Contract.
- 2.5.5 The Contractor shall maintain all information and data records on the operation of the inspection station necessary to produce the reports required by ADEQ as described in the Data Management Requirements (See Section 3 of the Scope of Work).
- 2.5.6 Any defective condition which would adversely affect the accuracy of inspections performed shall be corrected immediately.
- 2.5.7 Any test lane affected by a condition that would adversely affect the accuracy of inspections in the lane shall be closed. No further testing shall be conducted in the closed testing lane until the defective condition has been corrected. The Contractor shall immediately report via e-mail the defect and corrective action to the Program Manager.
- 2.5.7.1 Any emissions analyzer, opacity meter or dynamometer failing a quality assurance audit, conducted by ADEQ or the Contractor, shall not be returned to service until the requirements of SOW 4.6.2 have been met. If a "Notice of Equipment Failure" is issued by ADEQ, the notice (form) must be completed, indicating the action taken (e.g. repair or replace) and the results of re-calibration, and returned to ADEQ within three (3) business days.
- 2.5.8 ADEQ will conduct a surveillance program to verify that the Contractor is performing emission tests using properly calibrated and functioning equipment.
- 2.5.9 The Contractor shall provide the necessary personnel to provide continuous equipment maintenance service. This service shall ensure that all equipment installed at the testing stations shall operate accurately and reliably under all anticipated ambient and climatic conditions and in accordance with all quality assurance and quality control requirements and technical requirements. The Contractor shall provide an equipment maintenance plan subject to written approval by ADEQ. The equipment maintenance plan shall be submitted to ADEQ on or before September 4, 2008.
- 2.5.10 Station Staffing: The Contractor shall maintain a sufficient number of trained supervisors/managers and lane inspectors available to comply with wait times as described in Scope of Work 2.1.3.
- 2.5.10.1 No less than one half of the employees working on any test lane shall be fully certified and licensed inspectors. No more than one (1) trainee may be assigned to work an individual position at one time (additional trainees may observe, as necessary). At all times, through the term of the Contract,

individual stations shall maintain at least fifty percent (50%) full time employees.

- 2.5.11 The Contractor shall, at all times maintain the cleanliness, safety and professional appearance of the test stations, the punctuality of their operating hours, and the courtesy and helpfulness of all employees toward the public.
- 2.5.12 The motorist shall be given the option of moving to a vacant passenger seat or the waiting area during testing.
- 2.5.13 The motorist shall be given testing documentation before exiting the station.
- 2.5.14 Smoking by employees and motorists shall be prohibited inside the inspection stations.
- 2.5.15 If the Contractor's operations result in repeated delays in the queue or in safety hazards to the public in the queuing area or in the station, the Contractor shall promptly notify the Program Manager in writing of the delays or hazards, and shall implement methods to eliminate such delays or hazards in a timely manner. All such methods shall be approved in writing by ADEQ.
- 2.5.16 The Contractor shall conduct surveillance and performance auditing to ensure a high degree of credibility and effectiveness in the program, and for quality service to the public. Contractor shall subject each station and each lane to both overt and covert audits. The auditing shall allow ADEQ and Contractor to measure performance and to identify areas of concern. Management controls, program performance, and Contract conformance auditing will be performed throughout the term of the Contract. Audits shall assess the effectiveness of equipment maintenance and quality control activities, employee training, safety and security measures, employee integrity, and Contractor adherence to laws, rules, policies and procedures, and applicable guidance.
 - 2.5.16.1 All audits shall be performed in accordance with the requirements in Exhibit 3, § 51.362 & 51.363.
- 2.5.17 Contractor shall, on or before October 24, 2007, submit to ADEQ a detailed surveillance and audit plan and schedule for written approval.
- 2.5.18 The Contractor shall, in compliance with Exhibit 3, § 51.363, conduct periodic overt performance audits.
- 2.5.19 In accordance with Exhibit 2, R18-2-1025 and Exhibit 3, ADEQ will perform overt audits during the term of the Contract. The Contractor shall coordinate its performance of quality assurance audits with ADEQ to maximize the effectiveness of these activities (effectively increasing the frequency of quality assurance audits and ensuring that audits are not performed concurrently).
- 2.5.20 The Contractor shall cooperate with ADEQ during the performance of ADEQ overt inspection station audits by assigning staff to assist State inspectors.

- 2.5.21 In conducting overt audits, ADEQ and the Contractor shall be cognizant of peak operating times to avoid interrupting the timely completion of vehicle inspections.
- 2.5.22 All stations shall be available at any time for ADEQ inspections for the proper operation of all equipment.
- 2.5.23 Documentation necessary for auditing or calibration gasses necessary to perform calibration checks shall be available at each station.
- 2.5.24 During any peak hours of motor vehicle inspections, ADEQ auditors will make an effort to minimize their impact on inspection station operations.
- 2.5.25 ADEQ auditors may inspect the emission inspection station equipment during off-peak times to minimize their impact on inspection station operations.
- 2.5.26 Access shall be provided during non-working hours to perform any auditing functions or required checks that ADEQ may require or which ADEQ does not wish to perform during normal work hours.
- 2.5.27 ADEQ reserves the right to monitor any special arrangements made by the Contractor to inspect fleets. This monitoring will not be announced in advance.
- 2.5.28 Covert Audits: The Contractor shall utilize internal affairs personnel (2.5.46) or outside contractors unknown to inspection station staff for the performance of periodic covert performance audits as specified in Exhibit 3. The audit methodology shall be submitted for ADEQ approval by September 4, 2008. Covert performance audits shall be conducted using subcontractor personnel and vehicles with induced emissions and/or tampering failures. The covert audit subcontractor shall submit covert audit vehicles to ADEQ at the 600 North 40th Street facility prior to performance of a covert audit cycle. The vehicle shall be submitted with a covert vehicle induced failure summary which identifies the vehicle and induced failure(s). ADEQ will verify and sign off on the summary if ADEQ determines that the induced failure(s) are appropriate. The results of covert performance audits shall be reported by the subcontractor to the Contractor and ADEQ, within ten (10) business days of completion of an audit cycle.
- 2.5.28.1 ADEQ may, as it deems necessary, conduct covert audits and surveillance of program activities during the term of the Contract. Such covert audits and surveillance may include or be conducted by ADEQ, a contractor or the Office of the Auditor General, as specified in Exhibit 1, A.R.S. § 49-545.D.5.
- 2.5.29 A Wait Time Monitoring System shall be utilized by the Contractor to calculate customer wait time and queue, in order to deter ghost testing as well as to ensure that accurate information and statistics on queue and wait time will be available. Wait time statistics shall be reported to ADEQ as specified in "Data Management Reporting Requirements" of this Scope of Work. At any time that the average queue at an inspection station exceeds three vehicles, additional lanes shall be opened until all lanes are being

utilized. The selected monitoring system shall identify at least 90% of the vehicles submitted for testing.

- 2.5.30 Station Personnel: The Contractor shall provide all necessary personnel to operate the program efficiently, including, but not limited to:
- 2.5.30.1 The Contractor shall employ Technical Advisors (TA) in Area A, as required by Exhibit 1, §49-542.B. The TA shall be available at each inspection station in Area A, during all hours of operation, to provide technical advice and assistance to motorists whose vehicle fails the emissions test. It is the TA's duty to explain the nature of the vehicle emissions failure, possible causes, and corrective action, as well as to provide information about waivers and assistance programs.
- 2.5.30.2 The Contractor shall employ Customer Service Representatives (CSR) at each inspection station in Area B during all hours of station operation. The CSR shall serve as a customer liaison. The CSR shall direct motorists whose vehicles fail the emissions test to appropriate printed information about the nature of the emissions failure, suitable repairs, and any available assistance programs.
- 2.5.31 Employee Training: The Contractor shall submit an employee training plan to ADEQ on or before December 19, 2007. All inspectors shall be at least eighteen (18) years of age. The inspector shall have documentation of successful completion of an emissions inspection training course approved by ADEQ. The course must meet the training requirements of Exhibit 3, §51.367 and be approved by ADEQ.
- 2.5.31.1 Training programs shall contain all information necessary for personnel to perform their job duties. The curricula shall include, but is not limited to, the following: general Arizona Vehicle Emissions Inspection Program orientation; station operations, regulations and procedures; test equipment operation, maintenance, quality control, and calibration procedures; customer service, safety, complaint handling, and public relations; and security of the facility.
- 2.5.31.2 The Contractor shall develop and administer a motor vehicle emission inspector written certification exam approved by ADEQ. In Area A, the Contractor shall also require inspection personnel to pass an IM147 driving proficiency test before being licensed by ADEQ. Inspectors must receive greater than eighty (80) percent on the written exam, and in Area A, pass the IM147 driving proficiency test, to conduct inspections. Written certification examinations shall be submitted to ADEQ for approval on or before December 19, 2007.
- 2.5.31.3 The Contractor shall ensure that all personnel, including state Waiver/Referee Facility personnel, receive the necessary training to operate and maintain the inspection system.
- 2.5.32 On a weekly basis, the Contractor shall forward to ADEQ a list of employees who passed examination, terminated employment, or were reassigned to a different station. ADEQ will license all employees passing examination and

maintain a database of such licenses in accordance with Exhibit 2, R18-2-1016.

- 2.5.33 The Contractor shall develop a detailed procedures manual that shall contain work assignments and standard operating procedures for inspection and management personnel. A copy shall be delivered to ADEQ for approval on or before July 6, 2008. ADEQ shall conduct on-site surveillance to ensure compliance with the operating procedures and shall have access to the procedure manual during on-site surveillance.
- 2.5.34 Personnel Attire: All station personnel shall wear uniforms approved by ADEQ. Station Management uniforms shall be distinguishable from staff. Uniform design shall be submitted to ADEQ for approval prior to September 4, 2008.
- 2.5.34.1 No Contractor employee or subcontractor employee shall wear any badge, insignia, patch, emblem, device, word or series of words that would indicate that such person is employed by ADEQ. Employees of the Contractor are specifically prohibited from wearing the flag of the State, the words "State of Arizona," "ADEQ," or "Department of Environmental Quality," or any other similar emblem or phrase.
- 2.5.34.2 Employees shall wear the Arizona Vehicle Emissions Inspection Program logo on an ID tag, without any reference to ADEQ or the Contractor. Trainees shall be identified by the word "Trainee" on the logo. Fully certified and licensed inspectors shall have their license number and expiration date on the ID tag. Employee personal identification is to be worn in plain sight at all times.
- 2.5.34.3 Technical Advisors are encouraged to wear any ASE (National Institute for Automotive Service Excellence) badge, insignia, patch, or emblem that they have earned to identify their level of training and expertise.
- 2.5.35 The Contractor's station personnel shall, at all times, be courteous, patient and professional with customers. All personnel shall extend a friendly greeting to each customer. Inspectors are prohibited from providing information to customers other than directions necessary to complete the inspection process. Inspectors shall courteously direct customers with questions, complaints or other concerns to station managers, the TAs or the CSRs.
- 2.5.36 Motorist Complaints: The Contractor shall immediately handle all initial motorist complaints regarding vehicle inspection activities. Forms developed by the Contractor shall be submitted for ADEQ approval by July 6, 2008 and shall be available at each station for the motorists to register complaints. Motorist may submit claims directly to the Contractor or may send claims to ADEQ. Copies of the Contractor's Policy and Procedures manual and Rules of Operation shall be available for public review in each inspection station.
- 2.5.36.1 Contractor's station management, the TA or the CSR shall provide complaint procedure information to any motorist tendering a complaint.

- 2.5.36.2 Contractor shall develop procedures to be employed in dealing with irate or upset motorists including abusive motorists or motorists who obstruct the testing lanes, and submit to ADEQ by July 6, 2008, for approval.
- 2.5.37 Contractor must submit a report summarizing any complaints, and complaint responses, in writing to ADEQ, monthly, and cumulatively by year, as specified in the Data Management Reporting Requirements (See Section 3.2 of the Scope of Work). The reports shall include valid vehicle damage complaints and complaint resolution.
- 2.5.37.1 Contractor shall maintain a complaint file with responses and any actions taken. This file shall be subject to inspection by ADEQ upon request.
- 2.5.38 Contractor shall take appropriate action (training or disciplinary) should more than three (3) complaints be documented within a one-year period against any given employee of the Contractor.
- 2.5.39 The Contractor shall make available to ADEQ, upon request, an appropriate inspection station lane and personnel for inspection of vehicles to resolve disputes or to perform quality assurance audits. In the event of a motorist complaint or dispute, ADEQ may require a re-test, with no Motorist Test Fee charged, to assist in resolving the complaint or dispute.
- 2.5.39.1 A dispute may also be resolved by ADEQ at the Waiver/Referee facility.
- 2.5.40 The Contractor shall develop a procedure to resolve vehicle damage claims. The Contractor shall be fully responsible for any and all vehicle damage occurring during inspections that is within the Contractor's direct control. The damage claims adjustment procedure and forms shall be submitted to ADEQ for approval on or before July 6, 2008. Forms shall be available at each station for motorists to register damage claims. The Contractor shall report all damage claims, as well as providing a year-to-date synopsis of damage claims, to ADEQ monthly. The vehicle damage claims report shall be included in the complaint report and as specified in the Data Management Reporting Requirements Section.
- 2.5.41 ADEQ will make random inspections of each station to determine that the station employees are treating the public according to the requirements stated herein. If ADEQ observes mistreatment of customers, the Contractor shall be required to take appropriate disciplinary action.
- 2.5.42 Safety and Security: The Contractor shall be responsible for the safety of station personnel and motorists, and shall design the station to include adequate provisions for the security of its facilities.
- 2.5.42.1 The Contractor shall provide security training for all personnel within 30 days of hire, and refresh training annually. A security training manual shall be submitted to ADEQ for approval on or before July 6, 2008, and shall include the following: State and Contractor policy on criminal activities, violations and penalties, security measures, how to deal with potential violators, reporting

requirements, testifying, how to gather information necessary for prosecution, and identification of fraud and criminal activities.

- 2.5.43 The Contractor shall implement security procedures that include, but are not limited to, methods for preventing unauthorized tampering with the inspection and data processing equipment, a system of encryption for ensuring the validity of VIRs, a system of security for money handling that shall include the secure depositing of funds, and a system for identifying and handling personnel problems.
- 2.5.44 The Contractor shall periodically rotate staff between lanes and stations.
- 2.5.45 The Contractor shall assign a unique, confidential system access identification code to each employee who will have access to the inspection system. The system access codes shall not be known to the employee. The inspection system shall require employees to log on using their employee ID card, or similar device, having the system access code. Station personnel shall log on to the system at each station before the system will proceed with inspections.
- 2.5.46 The Contractor shall establish an office of internal affairs that will employ undercover observers, separate from the facility and business staff. They shall, as necessary, function as inspectors, perform employee background checks, audits and investigations of potential or attempted fraud, covert vehicle audits (per 2.5.28) for quality assurance, and act as a liaison with law enforcement. Internal affairs staff may be employees or subcontracted.
- 2.5.47 The Contractor shall provide a means for station management to monitor lane activity, including real time summaries of station operations. A means shall be provided enabling station managers to visually confirm that vehicles being tested match the vehicle identification information being entered by inspection personnel.
- 2.5.48 The Contractor shall install security cameras in the inspection stations to aid in the prevention of fraud or violence. The Contractor shall digitally record all the activities in each testing lane, or provide alternative method subject to written approval by ADEQ, to monitor inspection procedures. Contractor shall give ADEQ access to the cameras and recordings and the Contractor shall store the recordings for no less than one hundred twenty (120) days. The Contractor shall retain a copy of the recordings that pertain to a customer's vehicle damage complaint, until ADEQ authorizes the recording be released. Cameras shall be positioned to provide observation of vehicles, inspectors and customers in all lanes and customer service area. Camera resolution shall permit reading vehicle license plates in testing lanes. Cameras shall be located so they are visible to employees and customers. Web-cams shall be installed and used to monitor the queue at inspection stations (See Equipment Requirements 4.2.3).
- 2.5.48.1 Contractor shall equip each inspection station with hand held digital cameras to aid in identification of persons offering bribes, and to document customer vehicle damage.

- 2.5.49 The Contractor shall, at its own cost, keep and maintain each station site and all of the improvements thereon. Furniture, furnishings, fixtures, equipment, and structural and non-structural building systems used in connection with the operation of the inspection stations shall be in good, substantial and sufficient condition. All surfaces, including pedestrian walkways, shall be kept clean at all times that the inspection station is open for business. The Contractor shall be responsible for janitorial services, including window cleaning and any other housekeeping services, security service, trash removal, pest control, and lawn care and landscaping service required to maintain the appearance of the stations.
- 2.5.50 The Contractor shall provide a mechanical device for the removal of disabled vehicles from the testing lane.
- 2.5.51 The Contractor shall maintain the Waiver/Referee facility equipment in compliance with the following reliability standards:
- 2.5.51.1 Regular and preventive maintenance shall be scheduled either outside normal hours of operation or during hours of low throughput. Maintenance during normal operating hours shall not interfere with providing the required level of service to the public.
- 2.5.51.2 During normal operating hours, downtime must be kept to a minimum as much as practical with all repairs, and replacement activities being prioritized for rapid respond by the Contractor. Sufficient equipment and parts must be kept on hand at all times, so that downtime shall not interfere with providing the required level of service to the public.
- 2.5.52 The Contractor may enter into agreements with fleet operators to conduct emissions testing of fleet vehicles at the fleet operator's facility or during special non-operating hours at inspection stations. A written proposal of any fleet testing agreement must be submitted to ADEQ for approval, prior to the start of testing. The fee collected for fleet testing shall be the "motorist test fee," as established by ADEQ, plus a nominal surcharge to cover Contractor's costs.
- 2.5.53 The Contractor may establish, with ADEQ approval, a motorist reservation system, by which a customer may make a reservation to appear at a specified station at a specified time for testing. The reservation system shall be accessed via the Contractor's Web site, or by telephone.
- 2.6 Inspection of Vehicles
Reference materials:
1. Exhibit 1: Arizona Revised Statutes (A.R.S.) § 49-541 et seq.
 2. Exhibit 2: Arizona Administrative Code (AAC) R18-2-1000 et seq.
 3. Exhibit 5: Arizona Revised Statutes (A.R.S.) § 1-301
 4. Exhibit 6: "Failure Rate Analyses and Development of Fast-Pass, Retest, and CPP Algorithms for IM147 Max CO Cutpoints", SR00-03-01
 5. Exhibit 7: "IM240 & Evap Technical Guidance", EPA420-R-00-007, EPA, April 2000

6. Exhibit 8: Society of Automotive Engineers (SAE), Recommended Practice J1667 and ADEQ's J1667 Test Modifications
7. Exhibit 9: Tampering Inspection Requirements
8. Exhibit 10: VEI Testing Guidance
9. Exhibit 11: Random Sample
10. Exhibit 12: Catalyst Replacement Task Description

2.6.1 The Contractor shall begin mandatory testing for the AVEI Program, in both program areas, no later than January 2, 2009.

2.6.2 Specific vehicle exemptions are detailed in Exhibit 2, R18-2-1003.B.

Motorcycles will be exempted from testing in Area B (Tucson), and collectible vehicles will be exempted from testing in both Area A (Phoenix) and Area B (Tucson) when the United States Environmental Protection Agency approves the State Implementation Plan. On March 20, 2007, the EPA Regional Administrator signed a Notice of Final Rulemaking approving exemptions from emissions testing requirements for collectible vehicles in the Phoenix area and collectible vehicles and motorcycles in the Tucson area as set forth in the "Arizona State Implementation Plan Revision, Basic and Enhanced Vehicle Emissions Inspection/Maintenance Programs" (December 2005) and ARS Section 49-542 as amended in section 1 of Arizona House Bill 2357, 47th Legislature, 1st Regular Session (2005) and approved by the Governor on April 13, 2005. **(Reference Exhibit 1, A.R.S. § 49-542.J.2.k and l)**

The Arizona Legislature may exempt motorcycles from testing in Area A (Phoenix).

2.6.3 All non-exempt 1967 and newer model year internal combustion engine vehicles registered within Area A or Area B, or those vehicles used to commute to the driver's principal place of employment within either Area A or Area B are subject to testing.

2.6.4 Alternative Fuel Vehicles (Bi-fuel)

Vehicles that are operable on alternative fuel as defined in Exhibit 5, A.R.S. § 1-215, are subject to emissions testing.

2.6.4.1 Dedicated alternative fuel vehicles (manufactured to operate exclusively on an alternative fuel) shall be tested using the appropriate emissions test procedure and standards for the vehicle, contained in Exhibit 2, R18-2-1006.

2.6.4.2 Bi-fuel vehicles: Area A, light duty vehicles (GVWR<8501) of model year 1967 thru 1980, and heavy-duty (GVWR >8500) bi-fuel vehicles of model year 1967 and newer, shall submit to a steady state loaded and curb idle emissions test (loaded/idle test), on each fuel, according to the procedures contained in Exhibit 2, R18-2-1006.E.(1)(a)&(b).

- 2.6.4.3 Light duty (GVWR < 8501), model year 1981 and newer, bi-fuel vehicles, in Area A, shall be subject to the loaded, transient emission test (IM147) on each fuel, as specified in Exhibit 2, R18-2-1006.E.2.
- 2.6.4.4 Bi-fuel vehicles in Area B, of model year 1967 thru 1980 shall submit to an idle (only) test on each fuel according to the procedures contained in Exhibit 2, R18-2-1006.F.1. Vehicles of model years 1981 or newer shall be subject to a steady state loaded and curb idle test, on each fuel, as specified in Exhibit 2, R18-2-1006.F.2.
- 2.6.5 Vehicles owned or leased by federal, state and local government agencies that are operated primarily within the AVEI Program areas and vehicles operated on federal installations within the AVEI Program areas, despite where the vehicles are registered, are subject to testing. This includes employee-owned or leased vehicles, including vehicles owned, leased or operated by civilian and military personnel on federal installations, as well as agency-owned or operated vehicles. Vehicles exempted from this requirement are tactical military vehicles and visiting agency, employee or military personnel vehicles as long as the visits do not exceed sixty (60) days per calendar year.
- 2.6.6 Required inspection frequency for both AVEI Program areas is defined in Exhibit 2, R18-2-1005.
- 2.6.7 The Contractor shall visually inspect every vehicle prior to the emissions test for the following unsafe or untestable conditions: a fuel leak which causes wetness or pooling of fuel; a continuous engine or transmission oil leak onto the floor; or a continuous engine coolant leak onto the floor such that engine overheating has occurred or may occur within a short time, an exhaust pipe that does not exit the rear or side of the vehicle to allow for safe exhaust probe insertion, and any other condition deemed unsafe by the inspector, such as loud internal engine noise or an obvious exhaust leak. A Diagnostic Link Connector not rigidly mounted to the vehicle shall cause the vehicle to be rejected as untestable. In addition, vehicles subject to dynamometer testing shall be inspected for tire(s) on a driving wheel with less than 2/32-inch tread, with metal protuberances, unmatched tire size, with obviously low tire pressure as determined by visual inspection, or any other condition that precludes a loaded test for reason of safety to personnel, equipment, or the vehicle, an exhaust pipe on a diesel-powered vehicle that does not allow for safe exhaust probe insertion and positioning of opacity meter sensor units, improperly operating brakes, any vehicle modification, or mechanical condition which prevents dynamometer operation.
- 2.6.8 Any vehicle found to be unsafe as determined by the visual inspection shall be rejected without an emissions test. The motorist shall be notified of all unsafe conditions found on a rejected vehicle. A fee shall not be charged if the vehicle is rejected at an inspection station due to an unsafe condition. The emissions test shall not be conducted on a vehicle rejected for a safety reason or any other untestable condition until the cause for rejection is repaired.

- 2.6.9 The Contractor shall test vehicles in “as-received” condition. The engine shall be at normal operating temperature (as indicated by a temperature gauge, temperature lamp, or other visual observation for overheating) with all accessories turned off. The Contractor shall address unique characteristics of certain vehicle makes and models (e.g. Ford and Honda re-start mode), and adjust the inspection procedure accordingly.
- 2.6.10 Under conditions specified by ADEQ, inspection station management may issue a “Director’s Certificate” in lieu of a test or rejection (See “Vehicle Inspection Reports”). A Director’s Certificate (DC) shall be issued for Administrative Reasons (Contractor’s inability to accommodate or test the vehicle) or for Technical Difficulties as defined in Exhibit 2. A DC issued for Administrative Reasons is issued without charge to the customer. A DC issued for Technical Difficulties, on an initial test, or paid retest requires a fee to be assessed from the customer. The fee for issuance of a DC is to be remitted to ADEQ.
- 2.6.11 A vehicle emissions inspection shall not be performed by an official emissions inspection station on any vehicle that is carrying a heavy load, loaded with explosives, loaded with any other hazardous material not used as fuel for the vehicle, or is towing a trailer.
- 2.6.12 Gasoline Vehicles - Steady State Loaded/Idle (or Idle Only) Test
- 2.6.12.1 Area A and Area B: Motorcycles and constant 4-wheel drive vehicles of model year 1967 and newer, that are not OBD compliant, shall be subject to an idle (only) test as described in Exhibit 2, R18-2-1006.E.4.
- 2.6.12.2 Area A: Vehicles (GVWR<8501) of model year 1967 thru 1980 and vehicles (GVWR>8500 and not OBD compliant) of model year 1967 and newer shall submit to a steady state loaded and curb idle emissions test (Loaded/Idle test) according to the procedures contained in Exhibit 2, R18-2-1006.E.(1)(a)&(b).
- 2.6.12.3 Area B: Vehicles of model year 1967 thru 1980 shall submit to an idle (only) test according to the procedures contained in Exhibit 2, R18-2-1006.F.1. Vehicles of model years 1981 or newer (and not OBD compliant) shall be subject to a steady state loaded and curb idle test as specified in Exhibit 2, R18-2-1006.F.2.
- 2.6.13 Gasoline Vehicles - Transient Test
- In Area A, light duty vehicles (GVWR < 8501) of model year 1981 thru 1995 shall be subject to the loaded, transient emission test (IM147) as specified in Exhibit 2, R18-2-1006.E.2.
- 2.6.13.1 The Contractor shall use IM147 Two Ways to Pass and Fast Pass, Fast Fail and Retest algorithms reported in Exhibit 6. The Contractor shall perform the transient driving cycle described in Exhibit 2, (Article 10 Tables), Table 4, Transient Driving Cycle (henceforth referred to as the IM147 driving cycle). The Contractor shall conduct IM147 tests in accordance with Exhibit 2, R18-

2-1006. All testing and test equipment shall also conform to Exhibit 7, except as modified by the referenced Sierra Research document, Exhibit 6. The IM147 shall be implemented in conjunction with the implementation of the emissions standards defined in Exhibit 2, (Article 10 Tables), Table 3, Emissions Standards – Biennial tests.

2.6.14 Gasoline Vehicles - On-Board Diagnostics Test (OBD)

- 2.6.14.1 In Area A and Area B, the Contractor shall perform, on all 1996 and newer model year light duty vehicles (GVWR < 8501), an On-Board Diagnostic (OBD) systems interrogation. The test and test results shall conform to Exhibit 2, R18-2-1006.E.3 except, in Area B, the test shall be conducted annually.

The Arizona Legislature may permit model year 2004 and newer, OBD compliant, medium duty gasoline vehicles (>8500<14,001 pounds GVWR) to be included in the OBD test fleet.

The Arizona Legislature may permit the OBD test to be conducted biennially in Area B by the time of implementation of this Contract.

2.6.15 Diesel Vehicle Tests

- 2.6.15.1 All 1967 and newer model year diesel vehicles shall be tested.

The Arizona State Legislature may permit model year 2000 and newer light duty diesel vehicles and 2004 and newer, OBD compliant, medium duty (14,000 pounds GVWR or less) diesel vehicles to be included in the OBD test fleet.

- 2.6.15.2 In Area A, light-duty diesel vehicles (GVWR < 8501) shall receive a steady state loaded test as described in Exhibit 2, R18-2-1006.H.2.
- 2.6.15.3 In Area A, heavy-duty diesel vehicles (GVWR > 8500) shall be tested by the snap-idle test in accordance with Exhibit 8, SAE J1667 and ADEQ's J1667 Test Modifications, as prescribed in Exhibit 2, R18-2-1006.H.1. Heavy-duty diesel vehicles (GVWR > 26,000), manufactured prior to the 1988 model year shall not be inspected unless a Certificate of Compliance has been issued by ADEQ.
- 2.6.15.4 In Area B, all diesel vehicles shall be tested in accordance with the appropriate weight class loaded mode test (steady state loaded or eighty percent (80%) lug down) described in Exhibit 2, R18-2-1006.I.

2.6.16 Other Tests

- 2.6.16.1 Pressure Test: An evaporative system integrity test shall be performed on all 1981 and newer model year vehicles that are subject to the IM147. The contractor is expected to perform an evaporative pressure test on a minimum of sixty percent (60%) of the subject vehicles and shall strive for seventy percent (70%) or greater. The contractor shall document why a pressure test

could not be performed on any vehicle deemed inaccessible or otherwise not testable. ADEQ and the Contractor shall meet quarterly to evaluate the accessibility goal.

- 2.6.16.2 Evaporative Test: The Arizona evaporative system integrity test described in Exhibit 2, R18-2-1006.E.2.b and Exhibit 7, shall be used. The test results reported to motorists shall distinguish between the pass/fail status of the gas cap and balance of the evaporative emissions system (tank, hoses). In addition to the pressure test, a visual evaporative system inspection shall be performed and the result recorded and reported to the motorist. Missing canister(s), disconnected (plumbing or electrical connection) or missing components or hoses shall constitute an equipment failure. The scope of the visual inspection is defined in Exhibit 9, and shall be adhered to. If the evaporative system pressure test cannot be performed due to inaccessibility of the canister or tank vent hose, such information shall be recorded. If the evaporative system does not meet inspection requirements, but the pressure test can be performed, the pressure test shall be completed, the results reported to the motorist, and the vehicle shall fail the evaporative emissions system inspection. Equipment specifications, procedures and implementation schedules shall be submitted to ADEQ for written approval on or before September 4, 2008.
- 2.6.16.3 Gas Cap Test: A visual gas cap inspection shall be performed on all vehicles. The inspection shall consist of identification of missing, defective or improperly fitting gas caps. Vehicles of model year 1971 and newer originally manufactured with evaporative emissions control systems shall be subject to a functional gas cap test. Exhibit 2, R18-2-1006.E.6.a and Exhibit 7, specify procedures and standards for the test, with the exception that the percentage of fleet covered by available adaptors shall be eighty percent (80%) with a goal of eighty-five percent (85%).
- 2.6.16.4 Visual Tampering Test: A visual tampering inspection shall be performed on vehicles of model year 1975 and newer, that are not subject to OBD or transient testing. Vehicle emission control device/system inspections shall be performed through direct or indirect observation using mirrors, video cameras or other similar aids, in accordance with Exhibit 9. The tampering inspection shall consist of visually determining the presence of properly installed catalytic converter(s), air injection system (including pump and non-pump systems), and in Area A only, positive crankcase ventilation (PCV) system and evaporative emissions control system as required by Exhibit 2, R18-2-1006 (E.6.b for Area A or F.6.b for Area B). For diesel vehicles, the ADEQ will provide the Contractor a list of subject engines/vehicles for which a substantial portion are equipped with a catalytic converter, or PCV, or both. This list is for reference purposes only and does not relieve the contractor of the requirement to check engine "VEHICLE EMISSION CONTROL INFORMATION" labels (VECI) or "ENGINE MANUFACTURER INFORMATION" labels (heavy-duty diesel vehicles) to determine what emissions control equipment the engine is required to have for the visual tampering inspection.

- 2.6.16.5 The tampering inspection shall be performed on each vehicle based upon the vehicle's original emission control system configuration at the time of manufacture. The applicable emission system requirements can be verified by the "VEHICLE EMISSION CONTROL INFORMATION" labels or "ENGINE MANUFACTURER INFORMATION" labels under the hood or by using emission control resources, such as: Automotive Emission Systems (Colorado State University), Emission Control Application Tables (Mitchell Manuals), and Emission Control Systems Application (Cascade Automotive Resources).
- 2.6.17 If a conflict exists between the VECI label and one of the above-mentioned resources, the VECI label shall take precedence. The Contractor shall be responsible for obtaining and providing to the inspection stations and Waiver/Referee facilities, the aforementioned resources and subsequent updates.
- 2.6.18 Engine-switched vehicles shall be tested in the same manner as other subject vehicles. These vehicles are required to meet the emission standards, for the model year of the chassis. Vehicles for which the engine has been switched from an engine of one fuel type to another fuel type that is subject to testing (e.g. from a diesel engine to a gasoline engine) shall be subject to the test procedures and standards for the current fuel type and chassis model year.
- 2.6.19 Special Test Procedures and Special Vehicle Applications:
- Some vehicles, such as vehicles modified for use by the physically challenged, may be difficult to test. The Contractor and ADEQ shall develop "Special Test Procedures" as necessary to address these occurrences. The Contractor may propose Special Test Procedures to ADEQ at any time. All such special procedures shall be approved in writing by ADEQ prior to being implemented by the Contractor.
- Before attempting to devise a "special" test or identify a test not clearly associated with a "special" vehicle, the Contractor shall review Exhibit 10, "VEI Testing Guidance".
- 2.6.19.1 Specially constructed and kit vehicles, as determined by Motor Vehicle Division, and defined as "Reconstructed" in Exhibit 2, R18-2-1001, shall be tested annually, using the applicable emissions test specified in R18-2-1006.E.1, F.1, or F.2; and standards specified in R18-2-1006, Table 2.
- 2.6.19.2 Alternative fuel vehicles of a school district located in Area A shall be given a curb idle and loaded test as described in Exhibit 2, R18-2-1006.E.1.
- 2.6.19.3 Four-Wheel Drive and Traction Control vehicles that cannot be tested on a dynamometer (4wd or traction control cannot be disengaged), except for OBD compliant vehicles, shall be idle tested. The Contractor shall provide, on a monthly basis, a list to ADEQ of vehicles with full-time four-wheel drive that cannot be tested with a two-wheel dynamometer.

- 2.6.20 Random Sampling: The Contractor shall select, at fleet fractions specified by ADEQ in Exhibit 11, from the Area A IM147 vehicle fleet, I/M fleet failing vehicles and I/M fleet passing vehicles, and subject them to "full IM147" testing. Samples, at the prescribed rates, shall be selected at each of the first three I/M test sequence (initial test, first retest, and second retest). To ensure random selection, the Contractor shall maintain, at each test lane, test counts of each of the three test sequences and select each vehicle according to the assigned fleet fraction (e.g. – each hundredth vehicle for one percent (1.0%). The official I/M test outcome shall determine the pass/fail status of the vehicle. During full IM147 testing to meet the random sample requirements, the fast-pass, fast-fail, and retest algorithms shall be deactivated. Each sample vehicle shall require three (3) full IM147 tests including no less than one (1) passing full IM147 test or no more than three (3) failing full IM147 tests. Full IM147 tests required to complete the official test may be counted toward meeting random sample test requirements. All data generated to meet the requirements of random sampling shall be recorded and reported. The random sample data shall be used to characterize, by model year, the fleet's emissions at each sequence of testing, repair effectiveness, and other statistical information. The assigned fleet fractions and the selection methodology are given in Exhibit 11. The Contractor may submit a revised approach for the written approval of the ADEQ. The requirements of random sampling are to be implemented no later than February 01, 2009.
- 2.6.21 Post-Test Procedure
- 2.6.21.1 Passed Vehicles: The owner of a vehicle that has passed the emissions inspection shall receive a VIR with a detachable Certificate of Compliance according to Exhibit 2, R18-2-1011. If the vehicle is a government entity vehicle, inspection station personnel shall also affix a government vehicle compliance sticker on the passing vehicle as specified by Exhibit 2, R18-2-1017. The sticker shall be provided by ADEQ.
- 2.6.21.2 Failed Vehicles: A vehicle that fails the initial inspection must be re-tested to demonstrate compliance with Exhibit 2, R18-2-1013.B. A free retest shall be provided for any vehicle failing a paid test, provided the vehicle is returned for retest within sixty (60) days of the previous paid test and the motorist presents a completed repair data sheet (printed on back of Vehicle Inspection Report). This repair data sheet shall contain information on the types of repairs performed, repair costs, the name of the repair facility performing the repairs and any other repair or performance information as prescribed in Exhibit 2, R18-2-1013.A.3. This information will be used by ADEQ to evaluate the performance of the repair industry and that adequate repairs have been performed to qualify for a waiver.
- 2.6.21.3 The owner of a vehicle that failed the emission inspection shall be given a VIR indicating non-compliance. The Contractor shall make available to the motorist a repair facility list, repair data sheet and any public information materials related to failed vehicles. On request, the Contractor shall also provide a printout of the entire IM147 trace and emissions readings for diagnostic assistance. These guidelines shall be developed by the

Contractor and approved by ADEQ. All printouts shall be generated by the Contractor's software.

- 2.6.21.4 Upon returning to an inspection facility for a re-test following repair, Contractor shall verify the Vehicle Inspection Report "repairs performed" section has been completed and all repair data from the form is to be entered into the database. For emissions failures, a vehicle shall not be re-inspected unless the VIR indicates that a low-emissions tune-up has been performed as described in Exhibit 2, R18-2-1010.A.
- 2.6.22 **Waiver/Referee Inspection:**
Waiver inspections will be conducted by State personnel at State of Arizona operated Waiver/Referee facilities/lanes in Phoenix and Tucson
- 2.6.23 **Waivers:** All waivers are issued by ADEQ once in the life of a vehicle as specified in Exhibit 2, R18-2-1008.E. A vehicle must have failed a retest to be considered for a waiver. The Contractor's data system shall automatically prohibit the issuance of a waiver on any vehicle that has previously received a one time only waiver. The system shall identify any vehicle that has previously received a waiver, display the information and lock-out the vehicle from receiving a waiver. The vehicle test history display shall include one-time-only waiver test information, including the date a waiver was granted. A file of vehicles that have received a one time only waiver from January 1997 through December 31, 2008, will be made available for the Contractor to load their database.
- 2.6.23.1 To obtain a waiver, the motorist must demonstrate to ADEQ that repairs have been made according to Exhibit 2, R18-2-1008. The repairs must consist of a low emission tune up and diagnosis as defined in Exhibit 2, R18-2-1010. This must also include any additional repairs required within the applicable maximum repair cost limit. In addition to emission failure related repairs, any emission control device that has been identified as failing the tampering inspection according to Exhibit 2, R18-2-1009 must be corrected. There is no cost limit to repair items that fail the tampering inspection. The maximum repair cost limit for emission failure related repairs are defined in Exhibit 2, R18-2-1010.E for Area A and R18-2-1010.F for Area B.
- 2.6.23.2 A waiver cannot be issued to a vehicle with any tailpipe emissions greater than twice the applicable standard. No financial limit is applied to repairs to bring the vehicle below the qualifying two times (2X) limit as specified in Exhibit 2, R18-2-1008.D. The system shall also automatically prohibit the issuance of a waiver on any vehicle with any tailpipe emission greater than two times the applicable standard (cutpoint).
- 2.6.23.3 In Area A, a waiver may not be issued to a vehicle when it is determined that the vehicle has an inefficient catalytic converter as specified in Exhibit 2, R18-2-1008.C.
- 2.6.24 Within 10 days after the termination of this contract, the Contractor shall prepare and provide to ADEQ a file of vehicles receiving a one time only waiver since January 1997.

- 2.6.25 Referee Action Procedure: On a motor vehicle that fails the tampering inspection, as defined in Exhibit 2, R18-2-1006.E.6, in Area A and R18-2-1006.F.6, in Area B, the motorist may bring the vehicle to the Waiver/Referee facility for a referee action. The waiver lane inspector will either uphold or overturn the tampering failure.
- 2.6.26 Catalyst Efficiency Test: The system shall store the information as specified in Exhibit 12. Catalyst efficiency data must be manually entered into the Contractor's data base.
- 2.7 Documentation and Test Data
Reference materials:
1. Exhibit 2: Arizona Administrative Code (AAC) R18-2-1000 et. seq.
 2. Exhibit 7: "IM240 & Evap Technical Guidance", EPA420-R-00-007, EPA, April 2000
 3. Exhibit 13: Important Information Handout
 4. Exhibit 14: First Failure Handout
 5. Exhibit 15: Retest Failure Handout
- 2.7.1 Vehicle Inspection Reports (VIR): The Contractor shall provide each motorist that submits a vehicle for an emission test with a uniquely numbered and encrypted VIR that documents the test results and indicates whether the vehicle was rejected from testing, passed or failed the inspection. The Contractor shall also provide a copy of Exhibit 13, "Important Information Handout", to each motorist as specified in the Public Information Requirements (See Section 6.2 of the Scope of Work).
- 2.7.1.1 The Contractor shall design the Vehicle Inspection Report (VIR), and the incorporated Certificate of Compliance and submit to ADEQ for approval by July 6, 2008. The VIR shall comply with Exhibit 2, R18-2-1011, and Exhibit 7, § 85.2239. Each VIR shall be tamper and copy resistant. "Area A" VIRs shall be printed on a blue tamper resistant background, and "Area B" VIRs shall be printed on a green tamper resistant background. The station operators shall provide the motorist a VIR for each vehicle submitted for testing, which shall clearly indicate the status of the submitted vehicle, as follows:
- 2.7.1.2 Rejection (vehicle cannot be tested),
- 2.7.1.3 Compliance (vehicle passes all applicable standards),
- 2.7.1.4 Failure (vehicle failed one or more of the applicable standards),
- 2.7.1.5 Director's Certificate (issued in lieu of compliance document at discretion of the Director, see "Inspection of Vehicles", 2.6.10),
- 2.7.1.6 Waiver (issued by ADEQ to a failing vehicle that has met the requirements to qualify for a waiver from further repair).
- 2.7.2 Test fees applicable to each type of test shall be clearly printed on the Vehicle Inspection Report (VIR). Applicable fees shall include each type of

paid test conducted at an inspection station, or Waiver/Referee facility. At a Waiver/Referee facility, fees are assessed for a Passing test, Waiver, Director's Certificate or Out-of-State Exemption. When no fee is applicable, the words "No Fee" shall be clearly printed on the VIR.

- 2.7.3 Handouts for Failing Vehicles: The inspector is responsible for providing information to each motorist whose vehicle fails inspection. A copy of Exhibit 14, "First Test Failure Handout" or "OBD Not Ready Handout" shall be provided to motorists whose vehicle fails an initial test and a copy of Exhibit 15, "Retest Failure Handout", shall be provided to motorists whose vehicle fails a retest. The inspector shall also inform each motorist whose vehicle fails an IM147 test of the availability of a second-by-second emissions report as specified in Exhibit 7, but substituting the IM147 drive trace and appropriate standards. The trace shall be available as a printed document, by FAX or on-line.

3 DATA MANAGEMENT OPERATION REQUIREMENTS

Reference materials:

1. Exhibit 1: Arizona Revised Statutes (A.R.S.) § 49-541 et seq.
2. Exhibit 2: Arizona Administrative Code (AAC) R18-2-1000 et seq.
3. Exhibit 3: 40 Code of Federal Regulations (CFR) Part 51, Subpart S (§ 51.350 et. seq.), and Appendix A-E
4. Exhibit 7: "IM240 & Evap Technical Guidance", EPA420-R-00-007, EPA, April 2000

- 3.1 General Requirements: The Contractor shall implement a data-handling program. The program shall be implemented and operated in accordance with the Contract and the requirements of Exhibit 1, Exhibit 2, R18-2-1006 thru R18-2-1009, and Exhibit 3, § 51.350 - 51.371 and Appendix A-E. The data-handling program shall provide for, at a minimum, the following:
- 3.1.1 The Contractor provided data handling system shall provide for all software to be used by ADEQ and the Contractor in the AVEI Program, including the software for the program administrative office and the Waiver/Referee facilities.
- 3.1.2 The Contractor provided data handling system shall provide for all telecommunications capabilities between stations and the Contractor database, ADEQ, the Waiver/Referee facilities and the Motor Vehicle Division.
- 3.1.3 The Contractor provided data handling system shall provide data transmission connections for all station test systems.
- 3.1.4 The Contractor provided data handling system shall provide data transmission capability, which shall be available, at a minimum, the days and daily hours of the AVEI Program operation.
- 3.1.5 The Contractor provided data handling system shall also maintain continuity of testing by providing for data collection and processing in the event of loss

of the Contractor's central database (the host computer). In the event of loss of the Contractor's central database, the Contractor's primary responsibility shall be to re-establish operation of the host computer.

- 3.1.6 The Contractor provided data handling system shall provide for the collection of all data related to all testing functions, including collection and storage of information from all required test system calibrations and audits.
- 3.1.7 The Contractor provided data handling system shall meet, at a minimum, all data collection and analysis requirements of Exhibit 3, §51.365 and 51.366, to the extent that the data are stored on the system.
- 3.1.8 The Contractor provided data handling system shall meet all reporting requirements of this contract, including reports on program operations needed to meet EPA reporting and data analysis requirements to the extent that the data are stored on the system.
- 3.1.9 The Contractor provided data handling system shall provide for all data collection and subsequent reports as required by the Director.
- 3.1.10 The Contractor provided data handling system shall provide a method to track and identify licensed emission inspectors performing each inspection. An identifier for each inspector shall be printed on the VIR.
- 3.1.11 The Contractor provided data handling system shall be designed to minimize the possibility of unauthorized access to the system and vehicle records. The Contractor shall include measures that will identify any attempts to improperly access the system and any unauthorized changes to vehicle data or other records.
- 3.1.12 The Contractor provided data handling system shall have provisions for backup of all applications and data files. The frequency of application and data backup shall not be less than once per operating day. The Contractor provided data handling system shall also include a disaster recovery plan to ensure recovery of operations and data in the event of a major disaster.
- 3.1.13 The Contractor provided data handling system shall maintain continuity of testing by providing for data collection and processing in the event of a loss of telecommunications service or inability to communicate with Contractor's central database. Each lane in each inspection station and Waiver/Referee facility shall be capable of offline operation. The Contractor shall provide backup equipment power supplies and other features to minimize the occurrence of off-line testing at stations. The Contractor shall immediately notify the Program Manager and the Arizona Motor Vehicle Division (MVD) via e-mail when initiating off-line operation and again when communication with the host has been restored. In the event of loss of telecommunications service, the Contractor's primary responsibility shall be to re-establish telecommunications service.
- 3.1.14 The Contractor shall provide the data transmission connection from the inspection station and Waiver/Referee facility locations to the Contractor's

central database. The data connection shall allow all stations to access the database through entry of a vehicle license plate number and/or Vehicle Identification Number (VIN) to obtain all vehicle-specific information, including, but not limited to, the model year, make, model, fuel type, inspection status, and any other information needed to verify the identity of the vehicle and determine the appropriate test procedures and standards. The Contractor shall utilize the EPA I/M Lookup Table as specified in Exhibit 7. The Contractor shall update the inspection system within sixty (60) Days of the release of any lookup table revision or update. At the completion of each test, the test information shall be transmitted to the database. The transmitted data shall include, at a minimum, all information required to be included on the VIR.

- 3.1.15 The Contractor shall create and update the computer network between individual testing stations and their headquarters. The network shall be updated in real time for every emissions inspection performed.
- 3.1.16 The Contractor shall provide and maintain the equipment necessary for each inspection lane at the Waiver/Referee facilities in Phoenix and Tucson. The Contractor shall provide training to ADEQ and the ability to conduct simulated inspections at ADEQ's request.
- 3.1.17 The Contractor shall maintain an Off-Site Data Repository for all software and data for the life of the Contract. Any lost or destroyed data shall be regenerated by the Contractor at no charge to ADEQ. ADEQ shall have the right to access the repository, without limitation in the event of Contract termination, including up to six (6) months beyond the end of the Contract term.
- 3.1.18 The Contractor's system shall ensure record retrieval of all inspections prior to a waiver being issued.
- 3.1.19 The Contractor shall, as specified below, provide MVD with information regarding emission test results for registration purposes. MVD shall, as specified below, provide the Contractor with information regarding vehicle registration for emissions test purposes. ADEQ shall act as a liaison between MVD and the Contractor in the performance of the requirements of each party as described below. The Contractor shall electronically interface with the MVD Title and Registration database to provide on-line, real-time emission test results, for all required data elements (test date, test results, test type etc.) specified by MVD for Areas A and B. The Contractor shall update the inspection status of the vehicle in the Arizona Department of Transportation, Motor Vehicle Division vehicle registration system.
- 3.1.20 MVD will authorize Contractor's on-line, interactive access to mutually agreed upon vehicle title and registration data relating to vehicle emissions. On at least a daily basis, the Contractor shall utilize vehicle registration data to update their database with applicable new registrations and changes to existing records (e.g. - plate changes).

- 3.1.21 The Contractor shall provide MVD with an on-call technician for after hours and weekend technical support.
- 3.1.22 The Contractor shall be willing to consider partnering opportunities with MVD, or MVD's third party agents, to take advantage of future technology to support continuous improvement goals (See 2.3.4). Such enhancements should not have any negative impact on the emission test lane performance nor increase the fees due by the public.
- 3.1.23 All software and procedural change requests will be handled through the Task Assignment Process. Should problems occur which require additional billable Contractor labor time as a result of problems associated with the MVD database, software, hardware, or circumstances outside of Contractor's control, the Contractor will notify ADEQ in writing for approval per the above.
- 3.1.24 The MVD shall, in the event of a change, notify the Contractor and ADEQ in writing at least ninety (90) Days prior to the required implementation date.
- 3.1.25 The Contractor shall, in the event of a change to the emission program, notify the MVD and ADEQ in writing at least ninety (90) Days prior to the required implementation date.
- 3.1.26 The Contractor shall make provisions at each inspection station for a MVD registration drop box. The drop box shall be placed in an area that is readily accessible to the public.
- 3.1.27 The Contractor shall maintain a record of each vehicle inspected, along with the vehicle's inspection history, including all required test information for all official tests, rejections, referees actions, waivers, out-of-state exemptions, and director's certificates issued on the vehicle.
- 3.1.28 The Contractor shall transmit vehicle information and the appropriate test procedures to inspection stations and Waiver/Referee facilities.
- 3.1.29 If ADEQ determines that a system change must be made because of a failure of the system to meet the requirements contained herein, or to correct a major deficiency in the operation of the program, ADEQ may require changes within thirty (30) Days. Such changes will be at no cost to ADEQ.
- 3.1.30 The Contractor shall retain both vehicle inspection and calibration records on-line.
- 3.1.31 The Contractor shall provide a data handling system that will allow inspection stations and Waiver/Referee facilities to test vehicles without system delays. Vehicle testing data handling shall proceed independently in all lanes. The number of connections available for data transfer shall be adequate to minimize delay. The Contractor provided system must be able to service the vehicle volumes and peak loads and the potential increase in vehicle volume of the AVEI Program.

- 3.1.31.1 The Contractor shall make the database accessible to ADEQ and provide, install and maintain any equipment necessary to permit this access. The equipment and access shall allow ADEQ to retrieve any program data during regular business hours, and shall include the capability for ADEQ to perform analysis on any or all program data.
- 3.1.31.2 The Contractor shall develop and provide ADEQ with software to allow ADEQ to process certificates of exemption, review wait times and vehicle inspection histories. This equipment and software must be kept sufficiently updated so that ADEQ may access the database in a timely manner. The equipment specifications shall be submitted to ADEQ for approval on or before September 4, 2008. The minimum equipment requirements and locations are as follows:
- 3.1.31.3 For the Waiver/Referee facilities located in Phoenix and Tucson, the Contractor shall provide hardware and software to issue certificates of waiver and exemption. The configuration shall include one PC and printer for each waiver/referee lane (three lanes in Phoenix, and one lane in Tucson), one for the cashier, and one for the Waiver/Referee administration office in each area.
- 3.1.31.4 For the Program Operations Centers in Phoenix and Tucson, the Contractor shall provide hardware, software and telecommunications equipment for read only access to the inspection database (one system for each center). The method of access shall provide necessary security to protect the database from tampering or unauthorized access. ADEQ personnel shall, at a minimum, have access to the following data and information: Average wait times at each inspection station; number of inspections completed since the start of the business day at each station/lane and any lanes down for scheduled/unscheduled maintenance, including times off-line and returned to service. Functionality shall be demonstrated during the Acceptance Test Procedure.
- 3.1.32 The Contractor provided data transmission system shall collect records of all required system calibrations. The format of the data transmission shall be determined by the Contractor. The format shall be supplied on or before September 4, 2008, and approved in writing by ADEQ.
- 3.2 Data Management Reporting Requirements
Reference materials:
1. Exhibit 3: 40 Code of Federal Regulations (CFR) Part 51, Subpart S (51.350 et. seq.), and Appendix A-E
 2. Exhibit 16: I/M Fleet Emissions Reduction Report
 3. Exhibit 17: I/M Report Examples
 4. Exhibit 18: Data Warehouse Specifications
- 3.2.1 The Contractor shall provide all reports specified in the Contract. Other reports may be requested by ADEQ via the "Task Assignment" section of the Special Terms and Conditions.

- 3.2.2 All data and reports derived from the AVEI Program shall be the property of ADEQ and may not be used by any other person or organization unless expressly authorized by ADEQ.
- 3.2.3 The Contractor shall maintain all records, automated to the highest practicable degree, required to produce and substantiate the required reports.
- 3.2.4 The Contractor shall configure the data-handling system to provide retention of, and allow ADEQ access to, all test files through the term of the Contract. These test files shall be complete, including all retrieved and entered information, and all test-generated data (including second-by-second data for transient tests) associated with each test. Unique software, if required, shall be generated and provided by the Contractor. ADEQ access to the files shall be limited to read, search, copy, download and print.
- 3.2.5 The Contractor shall provide monthly electronic copies of all detailed test information and data for each vehicle test. Aggregate test results, and second-by-second data for IM 147 tested vehicles, is required for these records.
- 3.2.6 The Contractor shall submit examples of all required reports by November 2, 2008. Report formats are subject to written approval by ADEQ. Electronically transmitted data shall be in a format suitable for access by ADEQ data processing equipment. All reports required as specified herein shall be printable by ADEQ.
- 3.2.7 The Contractor shall provide, on an "as requested" basis, any reports on the Contractor's operations and data acquisition activities which will allow ADEQ to fulfill its State Implementation Plan (SIP) requirements. SIP requirements are described in Exhibit 3, §51.350 through 51.372.
- 3.2.8 All test data, quality assurance, quality control, and enforcement reporting shall comply with Exhibit 3, §51.366.
- 3.2.9 The Contractor shall provide annual reports, in compliance with Exhibit 3, §51.353, for the purpose of program evaluation.
- 3.2.10 Fleet Emissions Reduction Reports (FERR) shall be for Area A only. The Contractor shall, in concert with ADEQ, design a new FERR. An example of the FERR previously used under IM240 is presented in the Fleet Emissions Reduction Report, "FERR 1999", (Exhibit 16). Reference "Random Sampling" (2.6.20) in "Special Test Procedures".
- 3.2.11 The beginning date for all reporting periods in the Data Management Reporting Requirements section shall be the first business day after January 1, 2009.
- 3.2.12 Contractor shall provide to ADEQ an Overall Program Operations Report on an as-needed basis. The report shall discuss any matter which is negatively affecting or will negatively affect the operation of the AVEI Program and/or Contractor's ability to perform according to Contract requirements.

- 3.2.13 The Contractor shall provide an annual report that includes an overall evaluation of the program, its strengths and weaknesses, and any recommendations for modifications to the program, including, but not limited to, the Contractor's activities and a summary of public information activities. The Contractor shall submit recommendations semi-annually for adjustments to the program to improve utilization of audit personnel and resources. The report shall be submitted to ADEQ on or before February 15 of each year.
- 3.2.14 The Contractor shall prepare an annual report assessing the effectiveness of the repair industry in repairing failed vehicles. The report shall include the cost of repairs, types of repairs, and other relevant information. This report shall be submitted to ADEQ on the 15th of February of each year for the previous test year.
- 3.2.15 **Previous Inspection Histories:**
In order to ensure a seamless transfer of data, ADEQ will provide to the Contractor the previous inspection and repair histories for Contractor's use in loading the computer network database (data warehouse) prior to commencing inspections. Upon termination of the Contract the Contractor shall provide this history to ADEQ.
- 3.2.16 **Periodic Reports:** The Contractor shall transmit electronically the following periodic reports on program operation and maintenance. Reports shall be delivered in a format determined by ADEQ.
- 3.2.16.1 Beginning the first full month after Notice of Award the Contractor shall submit monthly progress reports to ADEQ. The progress reports shall be submitted by the seventh (7th) business day of the month following the report month, and shall be submitted more frequently as specified by ADEQ, or upon ADEQ request. The progress reports shall outline the Contractor's activities in the previous month toward the design, construction, and implementation of the AVEI Program, and the status of any station under construction, any actual or anticipated delays, problems or differences of interpretation, and resolutions of any past problems. The report shall be submitted until the Contractor is notified by ADEQ to discontinue its submittal.
- 3.2.17 **Daily Reports:** Beginning the second business day after January 1, 2009, the Contractor shall submit electronically, daily, the following reports:
- 3.2.17.1 Billing Report - (Example provided in Exhibit 17);
- 3.2.17.2 Wait Time (5 minute) Report - (Example provided in Exhibit 17);
- 3.2.17.3 Wait Time Summary – (Example provided in Exhibit 17);
- 3.2.17.4 Main Report – (Example provided in Exhibit 17). This report shall be provided in a daily, weekly, monthly and year to date format;
- 3.2.17.5 Station Loading and Utilization Report – (Example provided in Exhibit 17).

- 3.2.18 **Weekly Reports:** Weekly reports shall be submitted electronically, beginning the second business day following the first week of operation after January 1, 2009. Weekly reports shall consist of the aggregate of the preceding week's daily reports as specified in the Data Management Reporting Requirements section.
- 3.2.19 **Monthly Reports:** Monthly reports shall be submitted by the 15th day of the month following the month of reporting. Submissions shall begin with the 15th day of February 2009, and shall be delivered electronically. Monthly reports shall consist of the aggregate of the weekly reports from the preceding month, as specified in the Data Management Reporting Requirements section. Additionally, the following operational reports shall be delivered to ADEQ monthly:
- 3.2.19.1 The Contractor shall track the performance of each repair facility including, but not limited to, repair costs and the percentage of successful re-inspections over the previous six months, and prepare a report for ADEQ within thirty (30) Days of the end of the reporting period. Each repair facility that has performed repairs on twelve (12) vehicles in a six-month period shall be included in a printed consumer report. The Contractor shall make an electronic version of the report, in a user-friendly format, available to and accessible through the ADEQ website.
- 3.2.19.2 The consumer report shall provide the success rate of each facility and the average cost of repairs. The report shall include repairs performed on all subject vehicles. The Contractor is strongly encouraged to seek the participation of the local repair businesses in developing this report. The report shall be approved in writing by ADEQ. The Contractor shall make the consumer report available to the public, including sufficient information to be read and understood without assistance from the inspection station personnel. The Contractor shall make an electronic version of the report, in a user-friendly format, available to and accessible through the ADEQ website.
- 3.2.19.3 The Contractor shall maintain records of all complaints received, and submit a report monthly, and cumulatively by year, to ADEQ. These reports shall contain information relative to the complainant, the nature of the complaint, Contractor response and resolution activities, and resolution status.
- 3.2.19.4 The Contractor shall maintain records pertaining to vehicle damage claims and shall provide ADEQ with a report each month, and cumulative by year, summarizing vehicle damage claims by number, type, station, time of occurrence and status. The Contractor shall be responsible for the resolution of damage claims. ADEQ will track damage claim resolution.
- 3.2.19.5 The Contractor shall provide a monthly report on Test Performance Characteristics (Example provided in Exhibit 17), which shall include network testing activity showing test count and test time (average, total) reported by test area (A, B), fuel type (gasoline, diesel), and test type (gasoline: OBD, IM147, loaded cruise, and idle; diesel: loaded, lug down, and J1667). The IM147 shall be further detailed to provide test counts and times for partial (fast pass, fast fail) tests. The report shall be incrementally aggregated to

provide intermediate and overall test counts and times. The Test Performance Characteristics report shall be provided monthly and include a year-to-date synopsis of Test Performance Characteristics data. A table shall be provided for the IM147 test indicating the number of tests and the percentage of the total IM147 tests that pass and fail at each mode (20 modes per trace) throughout the complete test.

- 3.2.19.6 The Contractor shall provide a monthly Performance Information Report (Example provided in Exhibit 17) which summarizes the information on down time in the Station Loading and Utilization Report, wait time in the Vehicle Queue and Throughput Report, staffing requirements relative to Area A and B, reporting deadline requirements, and lane inspectors certified (with test scores).
- 3.2.20 **Year-to-Date Reports:** All monthly reports listed in the Data Management Reporting Requirements section shall be submitted as individual monthly reports and as cumulative, year-to-date reports. Year-to-Date reports shall be submitted on the same schedule as the monthly reports. Submissions shall begin following the second full month following January 1, 2009.
- 3.3 **Program Test Data Reporting Requirements:** The Contractor shall maintain all vehicle test data throughout the term of the contract. The Contractor shall provide data retention, query and reporting capability to ADEQ through a Data Warehouse format. The Contractor shall develop the specifics of the warehousing protocol with ADEQ approval. Stored test data shall be complete, including all retrieved and entered information, all test generated data, and previous program data as supplied by ADEQ. The necessary software shall be generated and provided by the Contractor for the purpose of using the stored data to prepare periodic and ad-hoc reports of program testing information. ADEQ access to the files will be limited to read, search, download, and print.
- 3.3.1 **Data Warehouse Requirements:** The inspection data stored in the data warehouse must be secure. At the startup of the Contract, the data warehouse shall have received and stored four (4) years of prior program records, as supplied to the Contractor by ADEQ (see 3.2.15), for program continuity. The data warehouse shall have the capacity to perform Vehicle Identification Number(VIN) decoding. Data stored in the data warehouse shall be accessible from 7:00 am to 7:00 pm daily, including weekends and holidays. The data warehouse shall be updated following each day of operation, and the test data available prior to start of business on the following day (e.g. Thursday data shall be available Friday morning at 7:00 am). The data warehouse shall meet all the specifications in Exhibit 18, or Contractor shall provide alternative specifications, acceptable to ADEQ.
- 3.3.1.1 The Contractor shall provide in the data warehouse, documentation describing data format used and a data dictionary. The data format shall not be modified without sixty (60) days prior written notification to ADEQ. Revised documentation shall accompany such notification.

- 3.3.2 Contractor shall deliver to ADEQ, either the software to produce the following reports (examples available by request) on an “as requested” basis, or each month generate year-to-date reports and deliver to ADEQ by the 15th of each month:
- 3.3.2.1 Catalyst Efficiency - Area A waiver testing activity showing the number of failing vehicles (waiver test) and number of catalyst efficiency tests (unconditional, inconclusive), and catalyst efficiency test results (pass, fail), catalyst efficiency, and I/M test emissions component levels by I/M test type, vehicle type, and model year. Equivalent data shall be reported for vehicles that have failed the catalyst test after the catalyst has been replaced.
- 3.3.2.2 Two Times (2X) Standard - waiver testing activity showing the number of failing vehicles, and test results (above 2X, below 2X) and emissions component levels by test type, test sequence, vehicle type, and model year. For vehicles tested more than once during the month, only the initial waiver test and the latest dated subsequent waiver test shall be reported. For each test sequence, average emissions shall be reported and emissions changes shall be calculated.
- 3.3.2.3 Government Vehicles - network testing activity showing the number of vehicles tested for each government entity, and results (pass, fail) by test type, test sequence, vehicle type, and model year. Identifiers for government entities shall be approved by ADEQ.
- 3.3.2.4 Gas Cap Test Statistics - network testing activity showing the number of tests and number of vehicles and results (pass, fail, for Visual show number of missing/damaged) by method tested (Automated, Manual, Visual), station, area, combined, percent failed, and test (initial, free retest, paid retest, special free retest, total).
- 3.3.2.5 Pressure Test and Evaporative System Component Test Statistics - network testing activity (including waiver activity) showing the number of vehicles and results for test type. The results for the pressure test shall include total vehicles subject to test, pass, fail, failed to pressurize, and test not performed. The results for the evaporative system components shall include total vehicles subject to test, pass, fail, or inaccessible. A summary of the pressure tests not performed showing the number of vehicles and the specific result for each of the following: Inaccessible, evaporative system component test failures, and equipment limitations. A summary of the number of vehicle found to be inaccessible at each station (including waiver) and the percentage of those found inaccessible of the total vehicles subject to pressure and component test. A table showing all subject vehicles tested relating to a vehicle results from the pressure test and evaporative component test.
- 3.3.2.6 Pass/Fail Test Results – Gasoline, Diesel, and OBD – network testing activity showing the numbers of passing and failing vehicles for each test area and for the combined areas. Overall results for emissions (by component) shall be reported as well as results by test type; vehicle type; weight category;

model year; fuel system integrity (tested, inaccessible); functional gas cap; and tampering.

- 3.3.2.7 No-Final-Outcome Vehicles – Gasoline, Diesel, and OBD – network testing activity showing the number of vehicles, and emissions component averages and reductions by test type, test sequence (initial test and last test), vehicle type, weight category and model year for vehicles which fail to complete the testing process. No-final-outcome vehicles shall be defined as failing vehicles with no testing activity for a period of five (5) months.
- 3.3.2.8 Repair Costs and Tamper Repair Costs – network activity showing average costs of non-tamper repairs by component repaired, test type, test sequence, test result (pass, fail), vehicle type, (weight category for diesel), and model year. Costs associated with multiple tests within a single test sequence shall be summed and reported as a single entry. Aggregate costs by model year shall be calculated and reported.
- 3.3.2.9 Network activity showing average costs of tamper repairs by tamper type, test type, vehicle type, (weight category for diesel), and model year. Aggregate costs by tamper type and model year shall be calculated and reported.
- 3.3.2.10 Waiver Statistics – Gasoline, Diesel and OBD - waiver testing activity showing the number of tests and number of vehicles, and emissions component levels and results (pass, fail) by test type, test sequence, vehicle type, weight category and model year. For vehicles tested more than once during the month, only the initial waiver test and the latest dated subsequent waiver test shall be reported. For each test sequence, average emissions shall be reported and emissions changes shall be calculated for vehicle groupings common to both test sequences.
- 3.4 **Miscellaneous Reporting Requirements:** The Contractor shall make available to ADEQ, on an “as requested” basis:
 - 3.4.1 Monthly maintenance and calibration reports, for each station and lane, including, but not limited to, scheduled preventive maintenance, unscheduled preventive maintenance, instrument and equipment repairs, instrument calibrations, equipment calibrations, quality assurance audit results, and surveillance and auditing.
 - 3.4.2 Operations and Maintenance Data: The Contractor shall maintain the following data pertaining to maintenance of each facility, and shall make copies available to ADEQ as requested:
 - 3.4.2.1 Daily equipment log listing: Equipment status, Lane status, Corrective or repair actions taken, if any, Downtime, if any, and Total tests performed in each lane.
 - 3.4.2.2 Monthly record of all required scheduled maintenance.
 - 3.4.2.3 Monthly record of corrective (non-scheduled) maintenance performed.

4 EQUIPMENT REQUIREMENTS

Reference materials:

1. Exhibit 2: Arizona Administrative Code (AAC) R18-2-1000 et. seq.
2. Exhibit 3: 40 Code of Federal Regulations (CFR) Part 51, Subpart S (§51.350 et. seq.), and Appendix A-E
3. Exhibit 7: IM240 & Evap Technical Guidance, EPA420-R-00-007, April 2000
4. Exhibit 19: Performing Onboard Diagnostic System Checks as Part of a Vehicle Inspection and Maintenance Program, EPA420-R-01-015, June 2001
5. Exhibit 20: California BAR-97 Revised Emission Inspection System Specifications

- 4.1 General System Design Requirements: The Contractor shall provide and install reliable test equipment (capable of performing all testing and testing related activities) in each station that shall meet the provisions of Exhibit 2, R18-2-1006; Exhibit 3, § 51.358 and Appendix A, Exhibit 7, § 85.2226, 85.2227; Exhibit 19; and Exhibit 20, Part 2.4.
- 4.1.1 In the event of conflict between the requirements stated herein and CFR or "IM240 & Evap Technical Guidance", the CFR and Technical Guidance shall take precedence and govern.
- 4.1.2 All equipment shall be maintained according to good engineering practices to assure test accuracy.
- 4.1.3 The Contractor shall design the system in a manner to allow each inspection facility to operate asynchronously and independently from each of the other stations (i.e., if a station is closed for any reason, all other stations must continue testing operation.).
- 4.1.4 The Contractor may arrange the equipment physically in any reasonable manner so long as the system is functionally equivalent to that described herein. The Contractor shall demonstrate that the performance standards have been met if an alternative configuration is proposed. The Contractor shall incorporate into the system the calibrations, adjustments, and quality control standards established in Exhibit 2, R18-2-1006; Exhibit 3, § 51.358, 51.359, 51.363, and Appendix A; Exhibit 7, § 85.2234 and § 2235; and Exhibit 20, Part 2.4.
- 4.1.5 When technological advances are identified, which will improve the testing effectiveness, or accuracy, the Contractor shall submit the proposed changes to ADEQ, in writing. Program changes due to technological advances will be approved in writing, at the sole discretion of ADEQ.
- 4.1.6 The National Electrical Code (NEC) shall govern all electrical installation of equipment and electrical distribution systems. This requirement shall not relieve the Contractor of the responsibility for meeting the requirements of all applicable local electrical codes.

- 4.1.7 System cables used in the test lane shall be designed of material resistant to gasoline, oil, water, and engine exhaust. They shall be of heavy construction to survive abuse. Bundled cables shall be protected from abrasion and fraying or dislocation of individual conductors.
- 4.1.8 An appropriate environment shall be provided for the operating requirements of all equipment in the inspection stations. Equipment in the inspection lanes shall be capable of operating as specified within an ambient (outside air) temperature range of zero degrees Fahrenheit to 120 degrees Fahrenheit and shall be capable of operating as specified when exposed to a relative humidity of up to 100 percent (non-condensing) for both continuous and intermittent periods.
- 4.2 Functional Requirements: The following requirements of the Contractor's system equipment shall be considered as minimum functional requirements:
- 4.2.1 The system shall measure unburned Hydrocarbons (HC), Carbon Monoxide (CO) and Carbon Dioxide (CO₂) as well as, for IM147, Oxides of Nitrogen (NO_x) exhaust emissions and utilize a functional gas cap test for gasoline powered light-duty vehicles. The system shall utilize non-invasive (system is not disturbed to the extent that it may be damaged or altered, not disassembled, not intruded upon) evaporative system pressure tests and OBD tests. The system shall measure the opacity of the exhaust from diesel powered vehicles. The system shall, as automatically as possible, control the operation and data collection of all tests conducted. The system shall generate printed VIRs as detailed in Exhibit 2, R18-2-1011.
- 4.2.2 The system shall provide for automatically printing VIRs, Certificates of Compliance, Certificates of Waiver, and Certificates of Exemption (Director's Certificate). Inspection information shall be printed legibly onto pre-printed or computer generated inspection certificates, color coded (in accordance with the Scope of Work, section 2.7.1.1) by inspection area.
- 4.2.3 Each of the inspection stations shall be equipped with the capability to accurately monitor and measure the wait time of each vehicle presented for testing from the arrival at the station (on property) until the vehicle is driven into the test bay (under roof). Web cams shall be positioned to observe all lane queues, to a depth of no fewer than four vehicles. The image feed shall be displayed on the Contractor's wait time monitoring Web site.
- 4.2.4 Each lane in each inspection station and Waiver/Referee facility shall be equipped with a bar code reader. The bar code reader shall be capable of scanning vehicle identification number bar codes from the vehicle into the system and populating the vehicle identification number field in the system to reduce data entry errors and test time.
- 4.2.5 Vehicle Identification Number (VIN) Decoding Software shall be made available by the Contractor in each inspection and Waiver/Referee lane, VIN decoding software to speed up entry of vehicle data and reduce data entry errors. The Contractor's system shall automatically decode the VIN of any vehicle not found in the system (new and out-of-state and area vehicles) and

populate vehicle specific data fields with information provided by the VIN decoding software. When performing retests, the Contractor's system shall utilize VIN decoding to verify the accuracy of previously entered data and automatically revise as necessary. Contractor shall work with ADEQ and MVD to establish a correction code procedure which will alert MVD of a change in the record being transmitted.

- 4.2.6 The Contractor shall provide a method that will allow entry of the vehicle identification, pre-inspection and tampering inspection data, an automated determination of applicable test procedures and standards, determinations of applicable test equipment configurations, assistance to inspectors in the performance of the test procedures (including the location and identification of evaporative emissions control system components and OBD system access terminals), compliance determination, and the storage of data and printing of test reports. Vehicle testing data processing shall proceed independently in all lanes. As vehicle identification data is entered into the system, information shall be limit-checked to minimize operator errors. If data is rejected as a result of limit-checking, a message shall be displayed so the inspector may correct the error.
- 4.2.7 The system shall have the capability to accept commands to terminate testing of a vehicle and purge the exhaust gas sampling system. The commands shall dictate whether the vehicle is to be retested or excluded from further testing. If the vehicle is to be re-tested, the test sequence shall be reset to record the retest sequence as that of the terminated test. Any data gathered during the re-test shall replace the original data on the bulk storage medium. If the vehicle is to be excluded from further testing, a VIR shall be generated, and shall indicate that the vehicle was rejected and the reason for rejection. A test sequence number shall not be issued for any test unless the test produces a valid pass or fail result.
- 4.2.8 The system shall ensure that emissions measurements are valid. The means of ensuring validity must be addressed and approved in writing by ADEQ, including the sample rates, stabilization checks, and software smoothing techniques. Software changes may be required to include additional standards in the system design.
- 4.2.9 The Contractor shall correlate the Hydrocarbon emissions results from the emissions systems used in Area A and Area B. Where the systems are of different type, (e.g. "raw" vs. "dilute" exhaust) it is the responsibility of the Contractor to ensure that reasonable correlation exists. If a test result for any emissions component does not show a reasonable correlation between Area A and Area B, an adjustment factor, approved in writing by ADEQ, shall be applied to that emissions component in Area B to produce a test result similar to Area A.
- 4.3 Test Equipment (Area A) Technical Requirements:
Reference materials:
1. Exhibit 1: Arizona Revised Statutes (A.R.S.) § 49-541 et seq.
2. Exhibit 2: Arizona Administrative Code (AAC) R18-2-1000 et seq.

3. Exhibit 3: 40 Code of Federal Regulations (CFR) Part 51, Subpart S (§ 51.350 et. seq.), and Appendix A-E
4. Exhibit 6: "Failure Rate Analyses and Development of Fast-Pass, Retest, and CPP Algorithms for IM147 Max CO Cutpoints", SR00-03-01
5. Exhibit 7: "IM240 & Evap Technical Guidance", EPA420-R-00-007, April 2000
6. Exhibit 8: Society of Automotive Engineers (SAE), Recommended Practice J1667 and ADEQ's J1667 Test Modifications
7. Exhibit 12: Catalyst Replacement Task Description
8. Exhibit 19: 40 Code of Federal Regulations (CFR) Part 85, Subpart W (85.2201 et. seq.)
9. Exhibit 20: BAR-97 Revised Emission Inspection System Specifications
10. Exhibit 21: 40 Code of Federal Regulations (CFR) Part 85, Subpart W (85.2201 et seq.)
11. Exhibit 22: Society of Automotive Engineers (SAE), Recommended Practice J35

The technical requirements of this section have been adopted based upon EPA regulations and guidelines, Arizona statutes and rules, and Society of Automotive Engineers (SAE) recommended practices. The Contractor's system shall be capable of reliably performing all testing requirements of Exhibit 1, § 49-542; Exhibit 2, R18-2-1006; Exhibit 6; and Exhibit 12; and shall also meet all applicable provisions and requirements of Exhibit 3; Exhibit 7; Exhibit 8; and Exhibit 22. The Contractor's waiver facility system shall also be capable of reliably performing all testing requirements of Exhibit 19, and shall also meet all applicable provisions and requirements of Exhibit 20.

The Contractor may, on written approval from ADEQ, use alternative specifications, designs, and quality monitors if the alternative is equivalent to or better than the existing and will not significantly affect the proper measurement of emissions. Documentation demonstrating that the alternative is, at least, equivalent shall be supplied, including a full description of the alternative, engineering rationale, calculations, and other supporting materials.

- 4.3.1 The Contractor shall install an On-Board Diagnostics Analysis System in each lane of an inspection station, except any lane used exclusively for heavy duty diesel testing. The OBD Analysis System shall meet design specification and requirements of Exhibit 2, R18-2-1006; Exhibit 3, § 51.358; Exhibit 19, and Exhibit 21, § 85.2207, 85.2222, 85.2223, and 85.2231.
- 4.3.2 **Dynamometer Specifications:** The Contractor shall install in each test lane, except those used exclusively for OBD or heavy duty diesel testing, a single axle dynamometer that accommodates testing of vehicles with a drive axle weight of 20,000 pounds or less. The dynamometer system shall incorporate automatic features that will select the proper road load horsepower and inertia simulation from an expanded EPA I/M Lookup table (incorporated in Exhibit 7) including default tables for model year 1967 and newer, the proper horsepower for dynamometer loading specified in Exhibit 2 for loaded cruise and light duty diesel testing. The automatic selection feature will be based on the vehicle parameters in the vehicle test record or entered into the test

system at the time of the vehicle check-in. The dynamometer system and components shall conform to the specifications and requirements of Exhibit 7, § 85.2226(a), except as noted, and shall meet the requirements in Exhibit 3, § 51.358 and Appendix A, and Exhibit 2, R18-2-1006.

- 4.3.2.1 Power Absorption: The dynamometer shall be equipped with a power absorption unit which, at a minimum, meets the design specifications and requirements of Exhibit 7, § 85.2226 (a)(2), Exhibit 3, § 51.358 and Appendix A, and Exhibit 2, R18-2-1006.
- 4.3.2.2 Rolls: The rolls shall be capable of supporting a vehicle with a drive axle weight of twenty thousand (20,000) pounds and installed such that a vehicle is tested in a level position. A single roller system may be proposed provided that all technical and safety requirements are met. Four-wheel drive dynamometers are **not** required. The dynamometer roll(s) shall, at a minimum, meet the design specifications and requirements of Exhibit 7, § 85.2226 (a)(5), Exhibit 3, § 51.358 and Appendix A, except as noted, and Exhibit 2. R18-2-1006.
- 4.3.2.3 Vehicle Restraints: The Contractor shall equip each dynamometer with a vehicle restraint system. The restraint system shall not utilize any device that may engage or come in contact with vehicle drive tires. Wheel chocks shall also be used on non-driven wheels to restrain vehicles.
- 4.3.2.4 Vehicle Lift: The dynamometer shall have a vehicle lift system capable of lifting twenty thousand (20,000) pounds.
- 4.3.2.5 Driver's Aid: The driver's aid shall be a video-type driver's aid (VDA) which, at a minimum, meets specifications and requirements of Exhibit 7, § 85.2226 (a)(7) and Exhibit 2. These monitors, and all other monitors in the station, shall remain dark when not in use or show an approved AVEI Program logo when not in use. Monitors shall not, at any time, show the Contractor name, logo, or insignia.
- 4.3.2.6 Analog Speed Display: The analog speed display reading for the loaded cruise test shall conform to the appropriate speed range listed in Exhibit 2, Table 1 (Dynamometer Loading Table).
- 4.3.2.7 Speed Time Trace: The speed versus time trace for the transient dynamometer test shall conform to the IM147 driving cycle in Exhibit 2, Table 4 (Transient Driving Cycle). However, provisions shall be made such that alternative driving schedules (not to exceed four minutes in length) may be conveniently substituted at ADEQ's request.
- 4.3.2.8 Shift Schedule: A modified EPA shift schedule and procedure shall be used for the transient driving cycle. When testing vehicles equipped with automatic transmissions, the inspector shall use the highest gears selectable (i.e., overdrive, or when not equipped with overdrive, drive), that still allows for automatic gear shifting of the vehicle. Manual transmissions shall be shifted by the schedule indicated below.

<u>Shift/Sequence</u>	<u>Speed (mph)</u>	<u>Cycle Time (sec.)</u>
1-2	15.0	8.5
2-3	25.0	12.5
3-2	17.2	26.0
2-3	25.0	52.8
3-4	40.0	70.6
4-5	45.0	74.0
5-6	50.0	87.0
De-clutch	15.0	141.0

Shift marks and gear selecting shall be located on the driver's trace. (All shift marks may appear on the trace).

- 4.3.2.9 Remote Operation: The operator shall have a control console or pendant ("Operator Controls") that can be conveniently operated from the driver's seat of the test vehicle. The Operator Controls shall allow the test vehicle to be easily and quickly maneuvered onto and off the dynamometer without damaging the vehicle or the console. The Operator Controls shall: Activate and deactivate the vehicle restraint system (if automatic), Activate and deactivate the positioning of the vehicle cooling system (if automatic), Provide the ability to control cooling fan operation (if automatically positioned), Initiate the testing cycle (transient driving cycle) and analysis system sampling, if not automatic (i.e., part of the overall driving cycle), Allow observation of the speed indicator and the video driver's trace, Allow observation and verification of the test vehicle identification parameters (e.g., manufacturer and model) and the selected inertia weight and power absorption setting, Allow observation of vehicle speed, Allow observation of test time and coast-down time, and Activate a "test abort" control.
- 4.3.3 Test Equipment Specifications for Gasoline Fueled Vehicles: Each lane, at each inspection station in Area A, except those used exclusively for OBD or heavy duty diesel testing, shall be equipped to perform all tests required on a vehicle as specified in Exhibit 2, R18-2-1006. The test system shall be designed so that the Curb Idle, Loaded Cruise, and the IM147 tests can be performed using the same test equipment (i.e. Dynamometer, CVS, Emissions Analysis System).
- 4.3.4 Tailpipe Emissions Test System Specifications: The tailpipe emissions tests performed in Area A are Curb Idle, Loaded Cruise, and IM147. The IM147 test is based on the last 147 seconds of IM240, so most specifications and requirements of the IM240 test (Exhibit 7) will apply to the IM147 test. The IM147 test has standards which incorporate two ways to pass, fast pass and fast fail algorithms, and a retest algorithm which are referenced in Exhibit 2 and described in the Sierra Research Report (Exhibit 6). The test system shall be designed according to all applicable provisions of Exhibit 3 and Exhibit 7, and the requirements of Exhibit 2 and Exhibit 6.
- 4.3.5 Constant Volume Sampler: The Constant Volume Sampling (CVS) system and components shall generally conform to the requirements in Exhibit 3, §51.358 and 51.359 and Appendix A and, at a minimum, meet design specifications and requirements listed in Exhibit 7, § 85.2226(b).

- 4.3.5.1 CVS Flow Size: The CVS system shall be designed with a total flow capacity sufficient to prevent condensation in the diluted sample over the range of exhaust flows, fuels, and ambient conditions to be encountered during testing.
- 4.3.6 Before each vehicle is tested, the Emission Analysis System shall automatically perform a zero check on all emissions analyzers, sample the ambient air to determine background emissions levels, and a quality control check to insure that the dilution factor is within the appropriate range. The emission analysis system shall automatically sample, integrate, and record the emission values for HC, CO, CO₂, and NO_x for the transient test and HC, CO, and CO₂ for the steady state tests. The emissions analysis system shall, at a minimum, meet design specifications and requirements listed in Exhibit 7, ' 85.2226(c), (except as noted for the IM147 test in Exhibit 2, R18-2-1006), and the testing requirements of Exhibit 6 and Exhibit 2, R18-2-1006.
- 4.3.7 The Analytical Instruments shall comply with the methods of detection and the specifications listed in Exhibit 7, § 85.2226(c)(2), except the specified instrument ranges are based on 700 scfm CVS, and use of a different CVS flow rate shall require an adjustment of the analyzer ranges.
- 4.3.7.1 Appropriate documentation shall be provided to ADEQ, prior to start of the Acceptance Test Procedure, demonstrating that the analyzer range(s) selected will allow the average overall emissions for any vehicle, with emissions equal to an applicable emissions standard, to be within 10 to 90 percent of the analyzer's full scale.
- 4.3.8 Evaporative system pressure test equipment shall meet the specifications and requirements stated in Exhibit 7, § 85.2227(b) and Exhibit 2, R18-2-1006(E).
- 4.3.9 Gas cap test equipment shall meet the specifications and requirements stated in Exhibit 7, § 85.2227(c) and Exhibit 2, R18-2-1006(E).
- 4.3.10 All calibrations equipment/standards shall at a minimum meet the specifications and requirements in Exhibit 7, § 85.2234 and 85.2235.
- 4.3.11 Test Equipment for Diesel Fueled Vehicles shall include an Exhaust Smoke (Opacity) Test System. The diesel exhaust smoke tests performed in Area A are a loaded dynamometer test, SAE J35, for light duty vehicles and the SAE J1667 Snap Idle test, Exhibit 8, for heavy duty vehicles.
- 4.3.11.1 Light Duty Diesel Vehicles (GVWR less than or equal to 8500 pounds): The test system shall use a smoke measurement device that, at a minimum, meets the specifications and requirements in Exhibit 2, R18-2-1006 and conform to applicable practices recommended in Exhibit 22, SAE J35.
- 4.3.11.2 Heavy Duty Vehicles (GVWR greater than 8500 pounds): The exhaust smoke test system shall use a smoke measurement device which, at a minimum, meets specifications and requirements in Exhibit 2, R18-2-1006

and SAE J1667, Exhibit 8, including automatic correction for ambient test conditions.

- 4.4 Test Equipment (Area B) Technical Requirements: The technical requirements of this section have been adopted based upon EPA regulations and guidelines, Arizona statutes and rules, Society of Automotive Engineers recommended practices, and California emission inspection specifications. The system that the Contractor utilizes must meet all applicable provisions and requirements of the listed reference materials:
1. Exhibit 1: Arizona Revised Statutes (A.R.S.) § 49-541 et seq.
 2. Exhibit 2: Arizona Administrative Code (AAC) R18-2-1000 et seq.
 3. Exhibit 3: 40 Code of Federal Regulations (CFR) Part 51, Subpart S (§ 51.350 et. seq.), and Appendix A-E
 4. Exhibit 7: "IM240 & Evap Technical Guidance", EPA420-R-00-007, April 2000
 5. Exhibit 20: California BAR-97 Revised Emission Inspection System Specifications
 6. Exhibit 21: 40 Code of Federal Regulations (CFR) Part 85, Subpart W (85.2201 et seq.)
 7. Exhibit 22: Society of Automotive Engineers (SAE), Recommended Practice J35
- 4.4.1 Exceptions to the referenced technical requirements for Area B include:
- 4.4.1.1 Exhibit 3, § 51.365(a)(5) – This requirement shall be met by recording test duration;
- 4.4.1.2 Exhibit 3, Appendix A(I)(f)(1)(B) – Analyzer calibration shall be performed in accordance with Exhibit 20;
- 4.4.1.3 Exhibit 3, Appendix A(I)(e)(2) – Not required;
- 4.4.1.4 Exhibit 3, Appendix B(I)(b)(2)(ii) – Not required; and
- 4.4.1.5 Exhibit 3, Appendix B(V)(5)(b)(2)(i) – Not required.
- 4.4.1.6 The Contractor may, on written approval from ADEQ, use alternative specifications, designs, and quality monitors if the alternative is equivalent or better than the existing, and will not significantly affect the proper measurement of emissions. Documentation demonstrating that the alternative is equivalent shall be supplied, including a full description of the alternative, engineering rationale, calculations, and other supporting materials.
- 4.4.2 The Contractor shall install an On-Board Diagnostics (OBD) Analysis System in each lane of an inspection station, except any lane used exclusively for heavy duty diesel testing. The OBD analysis system shall meet design specification and requirements of Exhibit 2, R18-2-1006; Exhibit 3, § 51.358; Exhibit 19; and Exhibit 21, § 85,2207, 85-2222, 85,2223, and 85.2231.

- 4.4.3 Dynamometer (Gasoline and Light & Medium Duty Diesel): The chassis dynamometer shall accommodate all vehicles with a drive axle weight of twenty thousand (20,000) pounds or less. The dynamometer system shall incorporate automatic features that will select the proper horsepower for dynamometer loading specified in Exhibit 2. The automatic selection feature will be based on the vehicle parameters in the vehicle test record or entered into the test system at the time of the vehicle check-in. The dynamometer design shall provide for safe testing of front-wheel-drive vehicles, and any restraining devices, rock guards or other special equipment. NOTE: Motorcycles requiring conditioning shall be conditioned at 2500 rpm unloaded idle only. All other vehicles will be loaded mode conditioned as per Exhibit 2. The dynamometer shall meet the specifications and requirements of Exhibit 3, Appendix A(I)(e) and D(II), and the requirements of Exhibit 2, except as noted below.
- 4.4.3.1 Power Absorption: The dynamometer shall be capable of applying a load to the vehicle's driving tire surfaces at the horsepowers and speeds as specified in Exhibit 2, Table 1.
- 4.4.3.2 Roll Weight Capacity: The dynamometer shall be capable of supporting the driving axle weight up to and including twenty thousand (20,000) pounds. Four-wheel drive dynamometers are **not** required.
- 4.4.3.3 Vehicle Lift: The dynamometer shall have a vehicle lift system capable of lifting twenty thousand (20,000) pounds.
- 4.4.4 Heavy Duty Diesel Dynamometers: The chassis dynamometer shall be equipped for tandem axles and shall accommodate all diesel vehicles with a single axle weight of twenty thousand (20,000) pounds and a multiple axle weight of thirty-four thousand (34,000) pounds. The dynamometer system shall incorporate automatic features that will select the proper horsepower for dynamometer loading specified in Exhibit 2. The automatic selection feature will be based on the vehicle parameters in the vehicle test record or entered into the test system at the time of the vehicle check-in. The dynamometer design shall provide for safe testing of tandem axle vehicles, and any restraining devices, rock guards or other special equipment. The dynamometer shall meet specifications and requirements of Exhibit 3, Appendix D(II) and the speed/load requirements of Exhibit 2, R18-2-1006(I), except as noted below.
- 4.4.4.1 Power Absorption: The dynamometer shall be capable of applying a load to the vehicle's driving tire surfaces at the horsepowers and speeds as specified in Exhibit 2.
- 4.4.4.2 Roll Weight Capacity: The dynamometer shall be capable of supporting a single drive axle weight of twenty thousand (20,000) pounds and a multiple axle weight of thirty-four thousand (34,000) pounds.
- 4.4.4.3 Wheel Lifts: Each wheel lift shall be controllable and capable of lifting twenty thousand (20,000) pounds.

- 4.4.5 Test Equipment Specifications for Gasoline Fueled Vehicles: Each lane at each inspection station in Area B, except those used for diesel fueled vehicles with a GVWR greater than twenty-six thousand (26,000) pounds or tandem axles, shall be equipped to perform all tests required for Area B vehicles as specified in Exhibit 2.
- 4.4.6 Tailpipe Emissions Test System Specifications: The tailpipe emissions tests performed in Area B are Curb Idle and Loaded Cruise.
- 4.4.7 Emission Analysis System: Before each vehicle is tested, the emission analysis system shall automatically perform a zero check on all emissions analyzers, and a quality control check for exhaust sample dilution. The emission analysis system shall automatically sample, integrate, and record the emission values for HC, CO, CO₂ for the steady state tests. The emissions analysis system shall, at a minimum, meet design specifications and requirements listed in Exhibit 3 and Exhibit 2, except as noted below.
- 4.4.8 Exhaust Gas Analyzers: All exhaust gas analyzers shall meet the performance requirements established by Exhibit 20 and Exhibit 3.
- 4.4.9 Gas Cap Integrity Analysis System Specifications: Gas cap test equipment shall meet specifications stated in Exhibit 7 (§ 85.2227(d)).
- 4.4.10 Test Equipment for Diesel Fueled Vehicles: The diesel exhaust smoke tests performed in Area B are a steady state loaded dynamometer test for vehicles with a GVWR equal to or less than ten thousand five hundred (10,500) pounds and a lug-down dynamometer test for vehicles with a GVWR greater than ten thousand five hundred (10,500) pounds. The test system shall use a smoke measurement device which, at a minimum, meets specifications and requirements in Exhibit 2 and conforms to applicable practices recommended in Exhibit 20.
- 4.4.10.1 Each lane at each inspection station in Area B, except those used for heavy duty diesel testing, shall be equipped to perform all tests required on a vehicle as specified in Exhibit 2. Separate lanes shall be provided for testing of heavy duty diesel vehicles.
- 4.5 Quality Assurance and Control Requirements
- Reference materials:
1. Exhibit 3: 40 CFR Part 51, Subpart S, Appendix A-E and
 2. Exhibit 7: IM240 & Evap Technical Guidance, EPA420-R-00-007, April 2000.
 3. Exhibit 20: California BAR-97 Revised Emission Inspection System Specifications
- 4.5.1 The Contractor shall establish and maintain a quality assurance program to ensure compliance with the requirements of the Contract, subject to written approval by ADEQ. A written copy of the quality assurance program shall be submitted to ADEQ prior to start of the Acceptance Test Procedure. The Quality Assurance procedures shall conform to the requirements specified in Exhibit 3, § 51.363. The Contractor shall identify and show equivalence or

show justification for any element or section of the Quality Assurance procedures that do not conform to the EPA requirements.

- 4.5.2 All phases of the work, manufactured or performed, within the Contractor's plant or at any other source, shall be controlled at all points necessary to assure conformance to the Contract. The Contractor shall provide for prevention and detection of discrepancies and for prompt corrective action. The Contractor shall make evidence of quality conformance available to ADEQ.
- 4.5.3 The Contractor shall implement quality control procedures, which in area A, comply with Exhibit 7, § 85.2234, and 85.2235, and Exhibit 3, § 51.359 and Appendix A and in Area B, comply with Exhibit 3, § 51.359 and Appendix A, except as noted below. All quality control checks shall be identified by station number, system number, date, and start time. In addition, data reports shall contain the concentration values of the calibration gases used to perform the gas characterization portion of the quality control checks. The following provisions and requirements of Exhibit 3 shall not be considered applicable in Area B:
 - 4.5.3.1 Exhibit 3, Appendix A(I)(f)(1)(B) – Analyzer calibration shall be performed in accordance with Exhibit 20; and
 - 4.5.3.2 Exhibit 3, Appendix A(I)(e)(2) – Not required.
- 4.5.4 The Contractor's quality control procedures shall ensure that emission measurement equipment is calibrated and maintained properly, and that inspection, calibration records and control charts are accurately created, recorded, and maintained. Computerized analyzers shall automatically record quality control check information, lockouts, attempted tampering, and other recordable circumstances that impact quality control.
- 4.6 Maintenance Requirements: In order to minimize errors due to calibration drift or equipment failure, the Contractor shall conduct an effective preventive maintenance and quality control program.
 - 4.6.1 Preventive Maintenance: Scheduled preventative maintenance, necessary to ensure accurate and repeatable operation, shall be performed on all inspection equipment by the Contractor outside the normal station/lane operational hours or during normal operating hours on a lane that is not needed. Records of maintenance and calibration shall be maintained and available for ADEQ review. The Contractor shall perform the preventative maintenance plan for the network given in the Contract. The program shall include, but not be limited to, the following: daily calibration checks, periodic re-calibrations, periodic cleaning and maintenance of all equipment according to manufacturer specifications, and daily visual inspection of equipment.
 - 4.6.2 Maintenance in response to audit failure: In the event of analyzer, opacity meter or dynamometer failure during an official audit, the minimum required maintenance to return the failed equipment to service shall be: Perform the repair or maintenance required by the manufacturer, followed by a complete

re-calibration of the device. If replacement of an analyzer is required, initial calibration shall be performed according to manufacturer's specification. (See also, SOW 2.5.7.1)

4.7 Waiver /Referee Facility Equipment Requirements

4.7.1 The Contractor shall provide and install the same brand and model equipment for the Waiver/Referee facilities as the equipment installed in the inspection stations for that program area. For applications common to inspection stations and waiver/referee facilities, the installed equipment shall be identical.

4.7.2 As the Contractor upgrades equipment in their test stations, equipment in the Waiver/Referee facilities shall also be upgraded to equivalent standards.

4.7.3 The Contractor shall comply with all of the previously stated equipment requirements, as specified in Section 4, except equipment to monitor and measure queue wait time, described in the SOW, 4.2.3, shall not be installed at the Waiver/Referee facilities.

4.7.4 The Contractor shall provide the following equipment and supplies at each waiver/referee facility:

4.7.4.1 An engine analyzer/scope with five (5) gas emissions analyzers for the purpose of identifying causes of vehicle emission failures. Contractor shall provide one unit for the Tucson waiver/referee facility and two units for the Phoenix facility. These analyzers must be compatible with OBD II and include scan tool with hardware and software to interrogate all makes and models of foreign and domestic vehicles equipped with OBD. All repairs, maintenance and upgrades are to be paid by the Contractor.

4.7.4.2 A Master Mechanics hand tool set with tool box for each waiver/referee facility.

4.7.4.3 A computer library of All-Data and Mitchell On-Demand automotive repair manuals on CD-ROM including all updates. Contractor shall provide one set of manuals for each of the Phoenix and Tucson facilities.

4.7.4.4 Carbon Monoxide meters/alarms for each waiver/referee lane, including maintenance, calibration and repair.

4.8 Software Requirements

4.8.1 Automated Software

4.8.1.1 The Contractor shall provide automated software that will allow for lookup in the active data set so as to allow accounting for and auditing of Contractor's receipt of Motorist Test Fees.

- 4.8.1.2 The Contractor shall provide automated software that will allow for lookup in the active data set of any test with detailed data by vehicle plate, VIN or inspection station.
- 4.8.1.3 The Contractor shall provide automated software that will alert the inspector to notify customer if the vehicle model year is exempt by statute or the vehicle has passed inspection within the previous 90 days. The software will require a management override to perform the test.
- 4.8.1.4 The Contractor shall provide automated software that will lock-out testing of 1987 model year and older heavy-duty diesel vehicles (greater than 26,000 lbs. GVWR) unless the vehicle has been certified compliant with 1988 model year or newer standards by ADEQ. The database (HDDV compliance) shall identify the means of compliance. If compliance is achieved by the addition of a diesel catalyst, software shall require an annual inspection for the presence of the catalytic converter(s). The database shall allow ADEQ to add or remove certification information.
- 4.8.1.5 Vehicle Repair History: The Contractor shall provide automated software that will allow for a review of repair facility information including, but not limited to, year, make and model of vehicles repaired, what was repaired, cost of repair and results after re-testing.
- 4.8.1.6 The Contractor shall provide automated software that will allow ADEQ to simulate testing lane functions for ADEQ training purposes.
- 4.8.2 Waiver/Referee Software Function: Waiver Inspection software shall allow the Waiver/Referee staff to perform all aspects of the emissions inspection as outlined in Section 2.6. Included in this software shall be the option to reject a vehicle for any unsafe or untestable condition, ability to review vehicle inspection testing history, and the ability to select between a full IM147 inspection (lock out fast pass/fail and retest algorithms) or a normal IM147 inspection (with fast pass/fail and retest algorithms). The software shall provide the following functions:
 - 4.8.2.1 Allow waiver lane staff to perform a tampering inspection without conducting an emissions inspection.
 - 4.8.2.2 Allow a waiver inspection to be performed even though the inspection history indicates the last inspection to have been an initial failure. This option is necessary when testing data is lost or duplicate records exist.
 - 4.8.2.3 Allow waiver staff to operate test equipment in manual mode. The Manual Mode option shall allow waiver staff to sample emissions on vehicles under various steady speeds. This will assist waiver lane staff with diagnosis of emission failures. The display shall list the vehicle speed and dynamometer load along with HC, CO, CO₂, and NO_x emission readings.
 - 4.8.2.4 Allow waiver lane staff to perform the catalyst efficiency test.

- 4.8.3 Waiver Inspection options shall allow the waiver lane staff to perform a waiver inspection following a retest failure. Included in this category shall be all options listed in 4.8.2 of this section. The software shall function as follows:
- 4.8.3.1 For a vehicle that passes the waiver inspection, the software shall print a VIR indicating "Waiver Pass", and the appropriate Motorist Waiver Test Fee.
- 4.8.3.2 For a vehicle that fails the waiver inspection with any tailpipe emissions greater than twice the applicable standard, the software shall print on the VIR that the vehicle is not eligible for a waiver because the vehicle is a gross polluter. Along with identifying the vehicle as a gross polluter, a list of reasons for the waiver denial shall be provided to the inspector for selection. The selected reason(s) shall be printed on the VIR. No fee shall be assessed.
- 4.8.3.3 For a vehicle equipped with a catalytic converter that fails the waiver inspection with all tailpipe emissions less than or equal to twice the applicable standard, the software shall prompt the inspector to perform a catalytic converter efficiency test. If the vehicle receives the test and the catalytic converter fails, the software shall indicate on the VIR that the vehicle is not eligible for a waiver due to an inefficient catalytic converter. If the vehicle passes the catalytic converter efficiency test, the software shall provide the option to grant or deny a waiver. If the vehicle is denied a waiver, a list of reasons for waiver denial shall be provided to the inspector for selection. The reasons for denial shall be printed on the VIR along with the inspection results. If the vehicle is granted a waiver, the software shall print the waiver, and shall display the provision that a one time only waiver has been granted, and the applicable fee.
- 4.8.3.4 For a vehicle that has previously received a one time only waiver, the software shall automatically print a VIR indicating that the vehicle is being rejected because it has received a one time only waiver. The VIR shall reflect the waiver issue date, and no fee shall be assessed.
- 4.8.4 Referee Action option shall allow waiver lane staff to make a decision on the status of emission control equipment without performing the emission inspection. This option is to be used on vehicles that are referred to the Waiver/Referee facility from a state inspection station with an equipment failure, or are identified at the Waiver/Referee facility as having tampered emission controls and will bypass the emission testing portion of the test. The software shall function as follows:
- 4.8.4.1 On a vehicle receiving a referee action that has also failed the emission inspection, a VIR shall be issued identifying the tampering inspection status, along with the statement requiring a re-inspection.
- 4.8.4.2 On a vehicle receiving a referee action that has passed the emissions inspection, an option to issue a compliance document or require a re-inspection shall be provided. The option to issue a compliance document shall be available in the event that the testing lane inspector inappropriately

failed the vehicle. The option requiring a re-inspection shall be available in the event that repairs were performed to correct the tampering failure. In this case, the VIR shall indicate that re-inspection is required. This is needed to verify that the correction of the tampering failure did not affect the emission readings.

- 4.8.5 The waiver lane software shall be designed to prohibit an inspection station inspector from changing the applicability or inspection outcome of an emission control component listed in the tampering field once a waiver/referee inspector has made the determination. This "Tamper Lock" shall prevent unauthorized changes to one or more tamper items marked as "P" (pass), "F" (fail), or "N" (not applicable) by a State waiver/referee inspector.
- 4.8.6 The Contractor's software shall automatically display the catalytic converter efficiency test for any vehicle that fails a waiver inspection, and shall cause a vehicle that fails the catalyst test to be ineligible to receive a waiver. The catalytic converter test will be performed with ADEQ's catalyst test bench. The Contractor's software will maintain CVS flow and dynamometer loading from the vehicle's emissions inspection, provide an analog display of the vehicle's speed. A detailed description of this task is provided in the Catalyst Replacement Task Description (Exhibit 12). The Contractor's software shall record the test results to the vehicle history database, and print the test results on the VIR. The software shall indicate on the VIR that the vehicle is not eligible for a waiver, due to an inefficient converter, if the catalyst fails the efficiency test.
- 4.8.7 The Contractor shall provide automated software that will allow for a review of waiver information from a single test facility and system-wide. The software shall record information including, but not limited to:
Year, make and model of vehicles receiving waivers; facilities repairing the vehicles; repairs conducted and associated costs; and emissions results after re-testing.

5 ACCEPTANCE TEST PROCEDURE (ATP)

- 5.1 Final System Documentation: Final system documentation shall be supplied upon completion of the last facility. It is not ADEQ's intent that this documentation includes patent information. Information necessary for maintenance at the component replacement level should be provided. Final system documentation supplied to ADEQ shall include the following items as a minimum:
- 5.1.1 Final "as-built" building and site plans for each facility, correct in every detail, two copies.
- 5.1.2 Maintenance and operation manuals for all system equipment, two copies.
- 5.1.3 Software documentation, two copies.

- 5.1.4 Complete wiring, plumbing and interconnection diagrams for all systems equipment in each facility, two copies.
- 5.1.5 Complete electronic circuit maintenance routines to the circuit board replacement level shall be included, two copies.
- 5.2 Documentation of System Changes: System changes subsequent to completion of each system shall be documented in a manner similar to that used for the original design of the affected unit. Reasons for changes and an indication of the effective date of the changes shall be included. All copies of documentation previously delivered to ADEQ shall be updated.
- 5.3 General: The Contractor shall include a draft ATP plan on or before October 24, 2007 (120 days after award). The ATP plan shall detail the methods and procedures the Contractor intends to use to demonstrate that Contractor will be able to perform according to the requirements of the Contract. The plan shall detail accuracy acceptance limits, checklists and other appropriate items. ADEQ will approve the ATP and agree to the proposed dates, in writing, before acceptance testing begins. ADEQ shall be notified in advance of all acceptance testing and shall have the right to observe any and all acceptance testing performed by the Contractor.
 - 5.3.1 ADEQ may participate in acceptance testing or may perform such testing independently, with the assistance of the Contractor. Acceptance testing shall be successfully completed by no later than two weeks prior to the program commencement, and the system shall be ready for operation at that time.
 - 5.3.2 The Contractor shall conduct beta testing and an ATP on changes to data exchange software or protocol. The MVD shall approve the ATP and have the right to observe structured testing of all such changes.
 - 5.3.3 Each time a significant component of the I/M program is replaced, a new acceptance test shall be required. A component requiring a new acceptance test is defined as any component which could potentially change the accuracy or precision of any measurements. ADEQ shall approve in writing the ATP before it is implemented. Contractor shall invite ADEQ in advance to attend and witness the acceptance testing. Witnessing of the ATP shall be at the discretion of ADEQ.
- 5.4 System ATP: The Contractor shall submit a final ATP to ADEQ at least 120 days prior to the Operational Phase. ADEQ will review and approve the ATP in writing.
 - 5.4.1 Upon the completion of each inspection station, the Contractor shall demonstrate its readiness and conformance to the Contract. The Contractor shall conduct the specified inspections and acceptance tests in the presence of an ADEQ representative and in accordance with the ATP.

- 5.4.2 An acceptable ATP shall demonstrate that the Contractor's system meets ADEQ Contract requirements. The minimum requirements of the ATP shall be as follows.
- 5.4.3 On Board Diagnostics (OBDII): The minimum test procedure shall consist of a demonstration of OBD testing capability; including MIL illumination, integrated communications, and data stream capture of ISO, VPW, PWM, KWP2000, and CAN OBD protocols.
- 5.4.4 Gas Analyzers: Of the following, the minimum test procedure shall include only the tests and inspections applicable for the specific type of gas analyzer.
- 5.4.4.1 Analyzer curve calibration: The gas analyzers shall be calibrated using specified calibration procedures utilizing one percent analysis accuracy calibration gas standards at 20, 40, 60 and 80 percent of full-scale concentration in each analyzer range. Master gases shall be obtained from a vendor who has California Bureau of Automotive Repair certification, documentation to be maintained on site. ADEQ will observe and verify that the calibration was properly performed and that the analyzers are within specified accuracy limits for drift, verification of correct data recording, repeatability (end-to-end), interference effects (CO₂ and H₂O response) , lane-to-lane and station-to-station cross-check, sensitivity, retest capabilities for vehicles whose exhaust readings fall within two hundred percent (200%) of standard, fast pass capabilities, and methane response.
- 5.4.5 Sample and Constant Volume Sampler Systems: Of the following, the minimum test procedure shall include only the tests and inspections applicable for a specific type of sampling system, including, sample line crushing, HC hang-up time limit, sample dilution, system response time, sample flow restriction, leak check, CVS system verification (Propane Injection), CVS mixing tee verification, and single and dual exhaust collection system verification.
- 5.4.6 Dynamometers - The minimum test procedure shall include only the tests and inspections applicable for a specific type of dynamometer: roll speed calibration, load cell calibration, true dynamometer horsepower calibration, speed-horsepower relationship, short term horsepower stability, coast down test, roll brake interlock, wheel lift interlock, roll brakes, and repeatability,
- 5.4.7 Opacity Analyzers - The minimum test procedure shall include only the tests and inspections applicable to a specific type of opacity analyzer: accuracy, drift, system response time, repeatability, ambient test condition corrections, verification of correct data recording, lane-to-lane and station-to-station cross-check, and sensitivity.
- 5.4.8 Evaporative Pressure Test System - The minimum test procedure for evaporative pressure test system shall include: accuracy, drift, system response time, repeatability, temperature effect, verification of correct data recording, leak check, sensitivity, and Fast Pass capabilities.

- 5.4.9 Gas Cap Test System – The minimum test procedure for the gas cap test system shall include: accuracy, drift, system response time, repeatability, temperature effect, leak check, verification of correct data recording, and sensitivity.
- 5.4.10 Lane Controller System – The minimum test procedure for the lane controller system shall include: data entry/retrieval system performance, test eligible determination, test procedure determination, emissions standards determination, equipment setting determination, results reporting to VIR, and results reporting to host database (automated and manual modes).
- 5.4.11 Station Operation - Station readiness shall be demonstrated using a random selection of vehicles at maximum lane capacity. All lanes and stations shall operate simultaneously. Each lane shall be queued to maximum capacity and a minimum of six repetitive inspections shall be conducted in each lane to maintain maximum system computer and report printer utilization. The Contractor shall conduct the tests in a normal manner. ADEQ representatives will verify the test times and evaluate the printed inspection reports to determine whether the system satisfactorily performed all the specified functions.
- 5.4.12 Visual Inspection: The ATP shall include provisions for visual inspection of each station and shall include the following: an accounting of all specified station equipment, software, source code, backups, data bulk storage, backup systems, documentation, wiring and plumbing diagrams, operations and maintenance manuals, a visual inspection of equipment installation workmanship and conformance with requirements of the Contract, and a visual inspection of the station site and building for workmanship and conformance with requirements of the Contract.
- 5.4.13 Data Handling System and Software – The ATP shall demonstrate that all software, hardware, and electronic communication correctly perform the functions required which shall include, but not be limited to, the following:
- 5.4.13.1 The real-time transmittal of all required information between Contractor's Host system and the Lane Controller system and the proper processing of the information,
- 5.4.13.2 The transmittal of all required information between the Contractor's system and the MVD system and the proper processing of the MVD supplied information by the Contractor,
- 5.4.13.3 The real-time, incremental, and on demand transmittal of required and requested information between the Contractor's Host system and ADEQ, and ADEQ's ability to properly process information supplied by the Contractor.
- 5.4.13.4 Report generation, transmittal and processing performance,
- 5.4.13.5 Data back-up and recovery system performance, and
- 5.4.13.6 Data collection and recovery during off-line operation.

- 5.4.14 Other Services – The ATP shall include demonstrations of all other services to be provided by the Contractor, including but not limited to: Operation of the Program Information Hotline and Operation of the Program Information Web site.
- 5.4.15 In order to supplement the Contractor supplied ATP, ADEQ may request additional acceptance tests of its own design. ADEQ and the Contractor shall mutually agree on the design and performance of such tests in writing.

6 PUBLIC INFORMATION REQUIREMENTS

Reference materials:

1. Exhibit 1: Arizona Revised Statutes (A.R.S.) § 49-541 et seq.
2. Exhibit 13: Important Information Handout
3. Exhibit 14: First Failure Handout
4. Exhibit 15: Retest Failure Handout
5. Exhibit 23: Program Informational Brochure (MVD Mailer)

- 6.1 General: The Contractor shall develop and implement a public information program, with input from, and subject to final written approval from ADEQ. The program shall have a budget of no less than \$300,000.00 annually, beginning July 1, 2008 and shall be operated on a fiscal year basis (July 1, thru June 30). The Contractor shall demonstrate by invoices to third party entities that budgeted funds are being utilized for public information purposes. All public information activities are subject to ADEQ's review and written approval. Contractor shall not use any false, inaccurate or misleading information concerning the program. To ensure uniformity throughout the AVEI Program, ADEQ has final approval of all written materials distributed to the public. Any material disapproved by ADEQ shall be deleted or revised by the Contractor to ADEQ's satisfaction. The public information program, including: information brochure, first and retest failure handouts, OBD handout, important information handout, telephone hotline, program information Web-site, public education plan, and public education materials shall be submitted to ADEQ for final approval no later than July 6, 2008 (180 days prior to start of operations).
- 6.2 Information Handouts: Contractor shall create the following informational handouts in English and Spanish. English versions shall have a statement in Spanish that a Spanish language version of the brochure is available in the station office or by calling the Hotline. Spanish language handouts must include the following in both English and Spanish: "This document is a translation from the original text written in English. This translation is unofficial and is not binding on this state or a political subdivision of this state."
- 6.2.1 Program Information Brochure: The Contractor shall develop a program informational brochure for Area A and Area B. Each area's brochure shall be color coded (in accordance with the Scope of Work, section 2.7.1.1) and contain a revision date. The brochure shall provide information on test station locations, test fees, hours and days of operation, and scheduled

holidays, as well as such information as is required by Exhibit 1, A.R.S. § 49-542(O)(2). The brochures shall provide information in a clear and understandable manner. English brochures shall have a statement in Spanish that a Spanish language version of the brochure is available in the station office or by calling the Hotline. Examples of current brochures are available in Exhibit 23. The Contractor shall supply to the Motor Vehicle Division (MVD), English brochures in sufficient quantities, as specified by MVD, for the monthly registration renewals. The brochures shall be compatible with the MVD mailing requirements of size and weight. The brochures for the month of January 2009 shall be delivered to MVD by October 31, 2008. Each month thereafter, brochures shall be delivered to MVD sixty (60) Days in advance of each registration month. The Contractor shall also deliver to MVD an amount to be distributed by MVD at registration offices in both areas. The Contractor shall provide monthly to ADEQ, 500 Area A and 200 Area B brochures. At the time of this solicitation, approximately 174,000 Area A and 55,300 Area B brochures are supplied to MVD mail center monthly.

- 6.2.2 First Test Failure Handout: The Contractor shall design and provide to each motorist whose vehicle fails an initial test, a "First Test Failure Handout" as prescribed by Exhibit 1, A.R.S. § 49-542(M). The "First Test Failure Handout" shall include repair information for each failure type (HC, CO, NOx, evaporative, etc) for gas and diesel vehicle vehicles, maximum repair costs, information about extended warranties, and the repair grant program. Each handout shall be color coded (in accordance with the Scope of Work, section 2.7.1.1) and contain a revision date, as the requirements differ by area. An example is provided in Exhibit 14.
- 6.2.3 Retest Failure Handout: The Contractor shall design and provide to each motorist whose vehicle fails a retest, a "Retest Failure Handout." The "Retest Failure Handout" shall include, in addition to the information specified for the First Test Failure Handout, the options of continuing with additional inspections or make application for a waiver from additional repairs, spending limitations for waiver qualification, and the restriction against issuing a waiver to a vehicle with any tailpipe emissions greater than twice the applicable standard. Each handout shall be color coded (in accordance with the Scope of Work, section 2.7.1.1) and contain a revision date, as the requirements differ by area. An example is provided as Exhibit 15.
- 6.2.4 OBD Not Ready Handout: The Contractor shall design and provide an "OBD Not Ready Handout" to each motorist whose vehicle requires an OBD test and fails or is rejected. The "OBD Not Ready Handout" shall include readiness monitor function, DTC codes, and OBD service requirements. In addition, the handout shall include OBD specific failure information.
- 6.2.5 Important Information Handout: The Contractor shall supply to each motorist, an "Important Information Handout," as required by Exhibit 1, A.R.S. §49-542(O)(2). Additional information shall be included as prescribed by ADEQ. Examples are provided in Exhibit 13.

6.3 Telephone Hotline

- 6.3.1 Program Information Hotline: The Contractor shall establish a toll-free information telephone service "Hotline" for motorists, staffed with personnel capable of answering non-technical program related questions. The Hotline shall supply information on current waiting times, station locations and general inspection and waiver information. The Hotline shall provide information in English and Spanish. The line shall not address specific repair information. The Contractor shall be solely responsible for establishing and maintaining this service. Spanish language announcements must include the following in both English and Spanish: "This announcement is a translation from the original text written in English. This translation is unofficial and is not binding on this state or a political subdivision of this state."
- 6.3.2 The hotline shall be operated and maintained throughout the life of the Contract, and shall be operational on January 2, 2009. The Hotline shall operate, at a minimum, the same hours of operation of the inspection stations. The Hotline shall have an after-hours recording approved by ADEQ.
- 6.3.3 Sufficient staffing shall be employed in order to minimize busy signals.
- 6.3.4 The toll-free number shall be 1-877-myazcar.

6.4 Program Information Web site

- 6.4.1 The Contractor shall install, on the Contractor's servers, a program that will show real-time wait times at vehicle emissions inspection stations. The Contractor shall work with ADEQ Web-master to provide access (hyperlink) from ADEQ Web site to the information on the Contractor's server. ADEQ will post a query page on ADEQ Web site to allow the public to directly access wait time information on the Contractor's server. Web cams positioned to observe all lane queues (See equipment requirements 4.2.3) shall be displayed on the Contractor's server.
- 6.4.1.1 The Contractor shall provide the following vehicle specific information on the Contractor's server, which shall be accessible by entering the vehicle license plate number or VIN: Reprint of the VIR (within 90 days of test), Failing IM147 driving trace, and emissions test history. The Repair Industry report shall be available for review on the Contractor's server, as well as at the inspection stations.
- 6.4.2 ADEQ provides I/M program information to the public, governmental entities and academia. The Contractor shall, in cooperation with ADEQ, develop I/M program data packages suitable for use by academia and government agencies and also establish costs for preparing and shipping the packages. ADEQ will approve the content and pricing schedule.
- 6.4.2.1 At ADEQ's direction, the Contractor shall provide program data to the public at reasonable cost to the requestor, including the cost of preparing and shipping.

- 6.5 Public Education Plan:
The Contractor shall develop a plan for public education to be implemented no later than October 4, 2008. The plan should be explained in detail and include projected expenses, personnel involved, materials to be distributed or air time to be used, as appropriate. The timing and rationale of planned activities should be indicated in the plan. At a minimum, the following items shall be included in the public education plan:
- 6.5.1 The plan shall include the use of electronic and print media including the use of a dedicated Web site. This effort shall inform the public about the inspection program procedures, costs and objectives, as well as when and how to obtain services. The plan shall be forwarded to ADEQ for approval at least six months prior to the start of the Operational Phase.
- 6.5.2 The plan shall include special events such as seminars and demonstrations for the public and for automotive repair facility technicians and other related parties. The Contractor shall arrange and participate with ADEQ personnel in public education efforts that may include such organizations as special interest and community affairs groups. The Contractor should use newspaper, radio and TV advertising to promote these activities.
- 6.6 Public Education Program Requirements
- 6.6.1 The Contractor shall conduct a public education program to begin no later than three months prior to the actual Operational Phase start date and throughout the Contract period. The program shall follow the approved Public Education Plan. The Contractor shall lead a group effort in the creation of an effective public education program. Other participants may include ADEQ, members of automotive repair industry, auto manufacturers, parts manufacturers, community college automotive programs, and any governmental agencies.
- 6.6.2 The Contractor shall select the methods and media for dissemination of information. ADEQ prefers that a substantial portion of the commercial advertising budget be directed toward proven methods of disseminating program information such as: drive-time radio and point of purchase advertising (e.g. pump-toppers at area service stations) during the month prior to commencement and at least one (1) month after commencement, to advise motorists of new station locations and other program changes.
- 6.6.3 Expenses for development, production, and distribution of program brochures, print or broadcast advertisements, motorist notifications, or any other public education materials prepared by the Contractor and approved by ADEQ shall be the responsibility of the Contractor.
- 6.6.4 The following items relating to the public education program shall require ADEQ's prior approval:
- 6.6.4.1 Logos, slogans, or catch phrases designed for the program. These shall become the property of ADEQ.

- 6.6.4.2 Press releases are issued by, and at the discretion of the ADEQ, except those that relate to approved days and hours of operation and releases containing material previously approved by ADEQ in substantially the same form and context as previously released. ADEQ expects to issue a press release every business day the first two (2) weeks of full implementation of the program.
- 6.6.4.3 Advertising copy intended for use by the Contractor in media such as radio, television, newspapers or other publications and the internet. In the case of print media advertising, the Contractor shall submit, for written approval from ADEQ, the proposed copy and layout of the print. In the case of electronic media advertising, the Contractor shall first submit proposed advertising copy with a brief description (if appropriate) of the final production ad (voice-over, actors, background, length). Following written approval by ADEQ of the copy and production concept, the Contractor shall produce and submit the final production ad for approval prior to airing.
- 6.6.4.4 Content and design of pamphlets intended for distribution by the Contractor and ADEQ as part of the public education activities for the emissions inspection program. Use of ADEQ and AVEI Program logo is required on all public education products.
- 6.6.4.5 Script and visuals for slide shows or videotapes used in public education presentations.
- 6.6.5 Public education materials produced by the Contractor or their designee shall reference ADEQ or the AVEI Program and not the Contractor. No public education materials or activities produced under this Contract shall bear the Contractor's name or refer in any way to the Contractor unless specifically approved in writing by ADEQ. This includes insignia or wording on monitoring screens at inspection stations. All public education materials shall contain the AVEI Program logo and ADEQ logo. All public education materials produced under this Contract shall become the sole property of ADEQ.
- 6.6.6 The Contractor shall not distribute its own company-related promotional materials at any test station or through the mail to motorists. Further, the Contractor shall not permit any company, group, or repair station to distribute, on the Contractor's owned or leased property, any type of promotional materials to motorists, without prior written approval from ADEQ. Mailings shall be limited to promotional materials that make reference to the AVEI Program.

7.0 Summary of Dates and Events

The following is a consolidated summary of the dates and events associated with Contract performance. In the event there is a discrepancy between dates listed in this chart and dates listed within the "paragraph" section of the Scope of Work, the paragraph section of the Scope of Work shall prevail.

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Paragraph	Description:	Date or Event:
1.0	Introduction and General Information	
1.2.12	Start of Implementation Phase	Notice of Award (NOA)
1.2.13	Start of Operational Phase	01/02/2009
2.0	I/M Program Requirement	
2.2.1	Site location and designs	8/25/2007
2.2.3	Proof of ownership or lease for new sites	10/24/2007
2.3.10	Station Signage	9/04/2008
2.3.17	Facility design, construction documents, modifications	10/24/2007
2.5.9	Equipment maintenance plan	9/04/2008
2.5.17	Surveillance and audit plan and schedule	10/24/2007
2.5.28	Covert audit methodology	9/04/2008
2.5.31	Employee training plan	12/19/2007
2.5.31.2	Inspector certification exam/driving proficiency test	12/19/2007
2.5.32	Employee list, examinations passed, terminated, re-assigned	Prior to start of Operational Phase and Weekly thereafter
2.5.33	Procedures manual	7/06/2008
2.5.34	Personnel attire, design approval	9/04/2008
2.5.36	Customer complaint forms	7/06/2008
2.5.36.2	Irate motorist procedure	7/06/2008
2.5.40	Vehicle damage claims procedure and forms	7/06/2008
2.5.42.1	Security training manual	7/06/2008
2.5.48	Security camera system/web cams on queue	Prior to start of Operational Phase
2.6.16.2	Evaporative Pressure Test; specs., procedures, schedules	9/04/2008
2.6.20	Random Sample: revised approach, if any	2/01/2009
2.6.23	Program supplied - One time waiver/ List of vehicles receiving since Jan 1997	Prior to start of Operational Phase
2.6.24	Contractor supplied - One time waiver/ List of vehicles receiving since Jan 1997	End of Operational Phase
2.7.1.1	Vehicle Inspection Report, design of form	7/06/2008
3.0	Data Management Operation Requirements	
3.1.32.1	Software/hardware to process Certificates of Exemption	9/04/2008
3.1.34	Database accessibility, software and hardware	At Acceptance Test Procedure (ATP)
3.1.35	System calibrations data format	9/04/2008
3.1.35	Waiver/Referee hardware to print certificates	9/04/2008
3.2.5	Detailed test information and data for each vehicle test	Monthly by 15 th day of month following the reported month
3.2.6	Reports: examples of design and layout	10/02/2008
3.2.11	Beginning Date for all Reporting under Data Management Reporting Requirements (paragraph 3.2)	First business day after start of Operational Phase
3.2.12	Overall program operational report	"As Needed"
3.2.13	Program Evaluation Report	Annually from February 15, 2010

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3.2.14	Repair Industry Effectiveness Report	Annually from February 15, 2010
3.2.16	Periodic reports	
3.2.16.1	Construction and development progress report	Monthly on 7 th Business day from 1 st month after NOA
3.2.17	Daily reports	Daily from 2 nd Business day after start of Operational Phase
3.2.18	Weekly Reports	Weekly from 2 nd Business. day after 1 st week of Operational Phase
3.2.19	Monthly Reports	Monthly by 15 th day of month following the reported month
3.2.19.2	Repair Facility Tracking – Consumer Report	Within 30 days of each 6 month period
3.2.19.3	Complaint Tracking Report	Monthly
3.2.19.4	Vehicle Damage Report	Monthly
3.2.19.5	Test Performance Characteristics Report	Monthly
3.2.19.6	Test Performance Information Report	Monthly
3.2.20	Year to Date Reports	Monthly from March 2009
3.3	Program Test Data Reporting	
3.3.1	Vehicle Test Records	Warehouse
3.3.2.1	Catalyst Efficiency Report	Warehouse
3.3.2.2	Two times the Standard Report	Warehouse
3.3.2.3	Government Vehicles Report	Warehouse
3.3.2.4	Gas Cap Test Statistics Report	Warehouse
3.3.2.5	Evaporative System Component Test Statistics Report	Warehouse
3.3.2.6	Pass/Fail Test Results	Warehouse
3.3.2.7	No Final Outcome Vehicles Report	Warehouse
3.3.2.8	Repair Costs/Tamper Repair Costs Report	Warehouse
3.3.2.9	Network Activity Report	Warehouse
3.3.2.10	Waiver Statistics Report	Warehouse
3.4	Miscellaneous Reporting Requirements:	
3.4.1	Monthly Maintenance and Calibration Report	Monthly (as requested)
3.4.2	Operation and Maintenance Data	Monthly (as requested)
3.4.2.1	Daily Equipment log	Monthly (as requested)
3.4.2.2	Monthly record of scheduled maintenance	Monthly (as requested)
3.4.2.3	Monthly record of corrective maintenance	Monthly (as requested)
4.2.8	Measurement Validity System	Prior to start of ATP
4.3.7.1	Documentation demonstrating analyzer range appropriateness	Prior to start of ATP
4.5.1	Quality assurance program / procedure	Prior to start of ATP
4.5.5	QA/QC hardware and equipment	Prior to start of ATP
4.8.1	Automated software	Prior to start of ATP
5.0	Acceptance Test Procedure (ATP):	
5.1	Final System Documentation	Completion of last Testing Facility

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5.2	Documentation of System Changes	When change is completed
5.3	Draft Detailed ATP	10/24/2007
5.4	Final Detailed ATP	120 days prior to start of Operational Phase
6.0	Public Information Requirements	
6.1	Public information program	7/06/2008
6.2.1	Program information brochure	7/06/2008
6.2.1	Program information brochure to Motor Vehicle Division	10/31/2008
6.2.2	First Failure Handout	7/06/2008
6.2.3	Retest failure handout	7/06/2008
6.2.4	OBD handout	7/06/2008
6.2.5	Important Information Handout	7/06/2008
6.3.1	Telephone hotline – Script Approval	7/06/2008
6.3.2	Telephone hotline – Operation	Start of Operational Phase
6.4	Program Information Website	7/06/2008
6.5	Public Relations Plan – Implementation	10/04/2008
6.6	Public Information materials	7/06/2008

NOA = Notice of Award

ATP = Acceptance Test Procedure

Due dates for deliverables:

Notice of Award = 7/01/2007

30 days after = 7/30/2007

60 days after = 8/25/2007

90 days after = 9/24/2007

120 days after = 10/24/2007

180 days after = 12/19/2007

Start of Operations (Operational Phase) = 1/02/2009

30 days prior = 12/03/2008

60 days prior = 11/03/2008

90 days prior = 10/04/2008

120 days prior = 9/04/2008

160 days prior = 7/26/2008

180 days prior = 7/06/2008

- 1 **Definition of Terms.** As used in this Solicitation and any resulting Contract, the terms listed below are defined as follows:
- 1.1 “*Attachment*” means any item the Solicitation requires the Offeror to submit as part of the Offer.
- 1.2 “*Contract*” means the combination of the Solicitation, including the Uniform and Special Instructions to Offerors, the Uniform and Special Terms and Conditions, and the Specifications and Statement of Scope of Work; the Offer and any Best and Final Offers; and any Solicitation Amendments or Contract Amendments.
- 1.3 “*Contract Amendment*” means a written document signed by the Procurement Officer that is issued for the purpose of making changes in the Contract.
- 1.4 “*Contractor*” means any person who has a Contract with the State.
- 1.5 “*Days*” means calendar days unless otherwise specified.
- 1.6 “*Exhibit*” means any item labeled as an Exhibit in the Solicitation or placed in the Exhibits section of the Solicitation.
- 1.7 “*Gratuity*” means a payment, loan, subscription, advance, deposit of money, services, or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value is received.
- 1.8 “*Materials*” means all property, including equipment, supplies, printing, insurance and leases of property but does not include land, a permanent interest in land or real property or leasing space.
- 1.9 “*Procurement Officer*” means the person, or his or her designee, duly authorized by the State to enter into and administer Contracts and make written determinations with respect to the Contract.
- 1.10 “*Services*” means the furnishing of labor, time or effort by a contractor or subcontractor which does not involve the delivery of a specific end product other than required reports and performance, but does not include employment agreements or collective bargaining agreements.
- 1.11 “*Subcontract*” means any Contract, express or implied, between the Contractor and another party or between a subcontractor and another party delegating or assigning, in whole or in part, the making or furnishing of any material or any service required for the performance of the Contract.
- 1.12 “*State*” means the State of Arizona and Department or Agency of the State that executes the Contract.
- 1.13 “*State Fiscal Year*” means the period beginning with July 1 and ending June 30,

2 Contract Interpretation

- 2.1 Arizona Law. The Arizona law applies to this Contract including, where applicable, the Uniform Commercial Code as adopted by the State of Arizona and the Arizona Procurement Code, Arizona Revised Statutes (A.R.S.) Title 41, Chapter 23, and its implementing rules, Arizona Administrative Code (A.A.C.) Title 2, Chapter 7.
- 2.2 Implied Contract Terms. Each provision of law and any terms required by law to be in this Contract are a part of this Contract as if fully stated in it.
- 2.3 Contract Order of Precedence. In the event of a conflict in the provisions of the Contract, as accepted by the State and as they may be amended, the following shall prevail in the order set forth below:
- 2.3.1 Special Terms and Conditions;
 - 2.3.2 Uniform Terms and Conditions;
 - 2.3.3 Statement or Scope of Work;
 - 2.3.4 Specifications;
 - 2.3.5 Attachments;
 - 2.3.6 Exhibits;
 - 2.3.7 Documents referenced or included in the Solicitation.
- 2.4 Relationship of Parties. The Contractor under this Contract is an independent Contractor. Neither party to this Contract shall be deemed to be the employee or agent of the other party to the Contract.
- 2.5 Severability. The provisions of this Contract are severable. Any term or condition deemed illegal or invalid shall not affect any other term or condition of the Contract.
- 2.6 No Parol Evidence. This Contract is intended by the parties as a final and complete expression of their agreement. No course of prior dealings between the parties and no usage of the trade shall supplement or explain any terms used in this document and no other understanding either oral or in writing shall be binding.
- 2.7 No Waiver. Either party's failure to insist on strict performance of any term or condition of the Contract shall not be deemed a waiver of that term or condition even if the party accepting or acquiescing in the nonconforming performance knows of the nature of the performance and fails to object to it.

3 Contract administration and operation.

- 3.1 Records. Under A.R.S. § 35-214 and § 35-215, the Contractor shall retain and shall contractually require each subcontractor to retain all data and other "records" relating to the acquisition and performance of the Contract for a period of five years after the completion of the Contract. All records shall be subject to inspection and audit by the State at reasonable times. Upon request, the Contractor shall produce a legible copy of any or all such records.

- 3.2 Non-Discrimination. The Contractor shall comply with State Executive Order No. 99-4 and all other applicable Federal and State laws, rules and regulations, including the Americans with Disabilities Act.
- 3.3 Audit. Pursuant to A.R.S. § 35-214, at any time during the term of this Contract and five (5) years thereafter, the Contractor's or any subcontractor's books and records shall be subject to audit by the State and, where applicable, the Federal Government, to the extent that the books and records relate to the performance of the Contract or Subcontract.
- 3.4 Facilities Inspection and Materials Testing. The Contractor agrees to permit access to its facilities, subcontractor facilities and the Contractor's processes or services, at reasonable times for inspection of the facilities or materials covered under this Contract. The State shall also have the right to test, at its own cost, the materials to be supplied under this Contract. Neither inspection of the Contractor's facilities nor materials testing shall constitute final acceptance of the materials or services. If the State determines noncompliance of the materials, the Contractor shall be responsible for the payment of all costs incurred by the State for testing and inspection.
- 3.5 Notices. Notices to the Contractor required by this Contract shall be made by the State to the person indicated on the Offer and Acceptance form submitted by the Contractor unless otherwise stated in the Contract. Notices to the State required by the Contract shall be made by the Contractor to the Solicitation Contact Person indicated on the Solicitation cover sheet, unless otherwise stated in the Contract. An authorized Procurement Officer and an authorized Contractor representative may change their respective person to whom notice shall be given by written notice to the other and an amendment to the Contract shall not be necessary.
- 3.6 Advertising, Publishing and Promotion of Contract. The Contractor shall not use, advertise or promote information for commercial benefit concerning this Contract without the prior written approval of the Procurement Officer.
- 3.7 Property of the State. Any materials, including reports, computer programs and other deliverables, created under this Contract are the sole property of the State. The Contractor is not entitled to a patent or copyright on those materials and may not transfer the patent or copyright to anyone else. The Contractor shall not use or release these materials without the prior written consent of the State.
- 3.8 Ownership of Intellectual Property
Any and all intellectual property, including but not limited to copyright, invention, trademark, trade name, service mark, and/or trade secrets created or conceived pursuant to or as a result of this contract and any related subcontract ("Intellectual Property"), shall be work made for hire and the State shall be considered the creator of such Intellectual Property. The agency, department, division, board or commission of the State of Arizona requesting the issuance of the contract shall own (for and on behalf of the State) the entire right, title and interest to the Intellectual Property throughout the world. Contractor shall notify the State, within thirty (30) days, of the creation of any Intellectual Property by it or its subcontractor(s). Contractor, on behalf of itself and any subcontractor (s), agrees to execute any and all document(s) necessary to assure ownership of the Intellectual Property vests in the State and shall take no affirmative actions that might have the effect of vesting all or part of the

Intellectual Property in any entity other than the State. The Intellectual Property shall not be disclosed by contractor or its subcontractor(s) to any entity not the State without the express written authorization of the agency, department, division, board or commission of the State of Arizona requesting the issuance of this contract.

4 Costs and Payments

- 4.1 Payments. Payments shall comply with the requirements of A.R.S. Titles 35 and 41, Net 30 days. Upon receipt and acceptance of goods or services, the Contractor shall submit a complete and accurate invoice for payment from the State within thirty (30) days.
- 4.2 Delivery. Unless stated otherwise in the Contract, all prices shall be F.O.B. Destination and shall include all freight delivery and unloading at the destination.
- 4.3 Applicable Taxes.
- 4.3.1 Payment of Taxes. The Contractor shall be responsible for paying all applicable taxes.
- 4.3.2 State and Local Transaction Privilege Taxes. The State of Arizona is subject to all applicable state and local transaction privilege taxes. Transaction privilege taxes apply to the sale and are the responsibility of the seller to remit. Failure collect such taxes from the buyer does not relieve the seller from its obligation to remit taxes.
- 4.3.3 Tax Indemnification. Contractor and all subcontractors shall pay all Federal, state and local taxes applicable to its operation and any persons employed by the Contractor. Contractor shall, and require all subcontractors to hold the State harmless from any responsibility for taxes, damages and interest, if applicable, contributions required under Federal, and/or state and local laws and regulations and any other costs including transaction privilege taxes, unemployment compensation insurance, Social Security and Worker's Compensation.
- 4.3.4 IRS W9 Form. In order to receive payment the Contractor shall have a current IRS W9 Form on file with the State of Arizona, unless not required by law.
- 4.4 Availability of Funds for the Next State fiscal year. Funds may not presently be available for performance under this Contract beyond the current state fiscal year. No legal liability on the part of the State for any payment may arise under this Contract beyond the current state fiscal year until funds are made available for performance of this Contract.
- 4.5 Availability of Funds for the current State fiscal year. Should the State Legislature enter back into session and reduce the appropriations or for any reason and these goods or services are not funded, the State may take any of the following actions:
- 4.5.1 Accept a decrease in price offered by the, contractor
- 4.5.2 Cancel the Contract
- 4.5.3 Cancel the contract and re-solicit the requirements.

5 Contract changes

- 5.1 Amendments. This Contract is issued under the authority of the Procurement Officer who signed this Contract. The Contract may be modified only through a Contract Amendment within the scope of the Contract. Changes to the Contract, including the addition of work or materials, the revision of payment terms, or the substitution of work or materials, directed by a person who is not specifically authorized by the procurement officer in writing or made unilaterally by the Contractor are violations of the Contract and of applicable law. Such changes, including unauthorized written Contract Amendments shall be void and without effect, and the Contractor shall not be entitled to any claim under this Contract based on those changes.
- 5.2 Subcontracts. The Contractor shall not enter into any Subcontract under this Contract for the performance of this contract without the advance written approval of the Procurement Officer. The Contractor shall clearly list any proposed subcontractors and the subcontractor's proposed responsibilities. The Subcontract shall incorporate by reference the terms and conditions of this Contract.
- 5.3 Assignment and Delegation. The Contractor shall not assign any right nor delegate any duty under this Contract without the prior written approval of the Procurement Officer. The State shall not unreasonably withhold approval.

6 Risk and Liability

- 6.1 Risk of Loss. The Contractor shall bear all loss of conforming material covered under this Contract until received by authorized personnel at the location designated in the purchase order or Contract. Mere receipt does not constitute final acceptance. The risk of loss for nonconforming materials shall remain with the Contractor regardless of receipt.
- 6.2 Indemnification
- 6.2.1 Contractor/Vendor Indemnification (Not Public Agency) The parties to this contract agree that the State of Arizona, its' departments, agencies, boards and commissions shall be indemnified and held harmless by the contractor for the vicarious liability of the State as a result of entering into this contract. However, the parties further agree that the State of Arizona, its' departments, agencies, boards and commissions shall be responsible for its' own negligence. Each party to this contract is responsible for its' own negligence.
- 6.2.2 Public Agency Language Only Each party (as 'indemnitor') agrees to indemnify, defend, and hold harmless the other party (as 'indemnatee") from and against any and all claims, losses, liability, costs, or expenses (including reasonable attorney's fees) (hereinafter collectively referred to as 'claims') arising out of bodily injury of any person (including death) or property damage but only to the extent that such claims which result in vicarious/derivative liability to the indemnatee, are caused by the act, omission, negligence, misconduct, or other fault of the indemnitor, its' officers, officials, agents, employees, or volunteers."
- 6.3 Indemnification -Patent and Copyright. The Contractor shall indemnify and hold harmless the State against any liability, including costs and expenses, for infringement

of any patent, trademark or copyright arising out of Contract performance or use by the State of materials furnished or work performed under this Contract. The State shall reasonably notify the Contractor of any claim for which it may be liable under this paragraph. If the contractor is insured pursuant to A.R.S. § 41-621 and § 35-154, this section shall not apply.

6.4 Force Majeure.

6.4.1 Except for payment of sums due, neither party shall be liable to the other nor deemed in default under this Contract if and to the extent that such party's performance of this Contract is prevented by reason of force majeure. The term "*force majeure*" means an occurrence that is beyond the control of the party affected and occurs without its fault or negligence. Without limiting the foregoing, force majeure includes acts of God; acts of the public enemy; war; riots; strikes; mobilization; labor disputes; civil disorders; fire; flood; lockouts; injunctions-intervention-acts; or failures or refusals to act by government authority; and other similar occurrences beyond the control of the party declaring force majeure which such party is unable to prevent by exercising reasonable diligence.

6.4.2 Force Majeure shall not include the following occurrences:

6.4.2.1 Late delivery of equipment or materials caused by congestion at a manufacturer's plant or elsewhere, or an oversold condition of the market;

6.4.2.2 Late performance by a subcontractor unless the delay arises out of a force majeure occurrence in accordance with this force majeure term and condition; or

6.4.2.3 Inability of either the Contractor or any subcontractor to acquire or maintain any required insurance, bonds, licenses or permits.

6.4.3 If either party is delayed at any time in the progress of the work by force majeure, the delayed party shall notify the other party in writing of such delay, as soon as is practicable and no later than the following working day, of the commencement thereof and shall specify the causes of such delay in such notice. Such notice shall be delivered or mailed certified-return receipt and shall make a specific reference to this article, thereby invoking its provisions. The delayed party shall cause such delay to cease as soon as practicable and shall notify the other party in writing when it has done so. The time of completion shall be extended by Contract Amendment for a period of time equal to the time that results or effects of such delay prevent the delayed party from performing in accordance with this Contract.

6.4.4 Any delay or failure in performance by either party hereto shall not constitute default hereunder or give rise to any claim for damages or loss of anticipated profits if, and to the extent that such delay or failure is caused by force majeure.

6.5 Third Party Antitrust Violations. The Contractor assigns to the State any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Contractor, toward fulfillment of this Contract.

7 Warranties

- 7.1 Liens. The Contractor warrants that the materials supplied under this Contract are free of liens and shall remain free of liens.
- 7.2 Quality. Unless otherwise modified elsewhere in these terms and conditions, the Contractor warrants that, for one year after acceptance by the State of the materials, they shall be:
- 7.2.1 Of a quality to pass without objection in the trade under the Contract description;
 - 7.2.2 Fit for the intended purposes for which the materials are used;
 - 7.2.3 Within the variations permitted by the Contract and are of even kind, quantity, and quality within each unit and among all units;
 - 7.2.4 Adequately contained, packaged and marked as the Contract may require; and
 - 7.2.5 Conform to the written promises or affirmations of fact made by the Contractor.
- 7.3 Fitness. The Contractor warrants that any material supplied to the State shall fully conform to all requirements of the Contract and all representations of the Contractor, and shall be fit for all purposes and uses required by the Contract.
- 7.4 Inspection/Testing. The warranties set forth in subparagraphs 7.1 through 7.3 of this paragraph are not affected by inspection or testing of or payment for the materials by the State.
- 7.5 Year 2000.
- 7.5.1 Notwithstanding any other warranty or disclaimer of warranty in this Contract, the Contractor warrants that all products delivered and all services rendered under this Contract shall comply in all respects to performance and delivery requirements of the specifications and shall not be adversely affected by any date-related data Year 2000 issues. This warranty shall survive the expiration or termination of this Contract. In addition, the defense of *force majeure* shall not apply to the Contractor's failure to perform specification requirements as a result of any date-related data Year 2000 issues.
 - 7.5.2 Additionally, notwithstanding any other warranty or disclaimer of warranty in this Contract, the Contractor warrants that each hardware, software, and firmware product delivered under this Contract shall be able to accurately process date/time data (including but not limited to calculation, comparing, and sequencing) from, into, and between the twentieth and twenty-first centuries, and the years 1999 and 2000 and leap year calculations, to the extent that other information technology utilized by the State in combination with the information technology being acquired under this Contract properly exchanges date-time data with it. If this Contract requires that the information technology products being acquired perform as a system, or that the information technology products being acquired perform as a system in combination with other State information technology, then this warranty shall apply to the acquired products as a system. The remedies available to the State for breach of this warranty shall include, but shall not be limited to, repair and replacement of the information technology products delivered under this Contract. In addition, the defense of *force majeure* shall not apply to the failure of the Contractor to perform any specification requirements as a result of any date-related data Year 2000 issues.

- 7.6 Compliance With Applicable Laws. The materials and services supplied under this Contract shall comply with all applicable Federal, state and local laws, and the Contractor shall maintain all applicable licenses and permit requirements.
- 7.7 Survival of Rights and Obligations after Contract Expiration or Termination.
- 7.71 Contractor's Representations and Warranties. All representations and warranties made by the Contractor under this Contract shall survive the expiration or termination hereof. In addition, the parties hereto acknowledge that pursuant to A.R.S. § 12-510, except as provided in A.R.S. § 12-529, the State is not subject to or barred by any limitations of actions prescribed in A.R.S., Title 12, Chapter 5.
- 7.7.2 Purchase Orders. The Contractor shall, in accordance with all terms and conditions of the Contract, fully perform and shall be obligated to comply with all purchase orders received by the Contractor prior to the expiration or termination hereof, unless otherwise directed in writing by the Procurement Officer, including, without limitation, all purchase orders received prior to but not fully performed and satisfied at the expiration or termination of this Contract.
- 8 State's Contractual Remedies**
- 8.1 Right to Assurance. If the State in good faith has reason to believe that the Contractor does not intend to, or is unable to perform or continue performing under this Contract, the Procurement Officer may demand in writing that the Contractor give a written assurance of intent to perform. Failure by the Contractor to provide written assurance within the number of Days specified in the demand may, at the State's option, be the basis for terminating the Contract under the Uniform Terms and Conditions or other rights and remedies available by law or provided by the contract.
- 8.2 Stop Work Order.
- 8.2.1 The State may, at any time, by written order to the Contractor, require the Contractor to stop all or any part, of the work called for by this Contract for period(s) of days indicated by the State after the order is delivered to the Contractor. The order shall be specifically identified as a stop work order issued under this clause. Upon receipt of the order, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage.
- 8.2.2 If a stop work order issued under this clause is canceled or the period of the order or any extension expires, the Contractor shall resume work. The Procurement Officer shall make an equitable adjustment in the delivery schedule or Contract price, or both, and the Contract shall be amended in writing accordingly.
- 8.3 Non-exclusive Remedies. The rights and the remedies of the State under this Contract are not exclusive.
- 8.4 Nonconforming Tender. Materials or services supplied under this Contract shall fully comply with the Contract. The delivery of materials or services or a portion of the

materials or services that do not fully comply constitutes a breach of contract. On delivery of nonconforming materials or services, the State may terminate the Contract for default under applicable termination clauses in the Contract, exercise any of its rights and remedies under the Uniform Commercial Code, or pursue any other right or remedy available to it.

- 8.5 Right of Offset. The State shall be entitled to offset against any sums due the Contractor, any expenses or costs incurred by the State, or damages assessed by the State concerning the Contractor's non-conforming performance or failure to perform the Contract, including expenses, costs and damages described in the Uniform Terms and Conditions.

9 Contract Termination

- 9.1 Cancellation for Conflict of Interest. Pursuant to A.R.S. § 38-511, the State may cancel this Contract within three (3) years after Contract execution without penalty or further obligation if any person significantly involved in initiating, negotiating, securing, drafting or creating the Contract on behalf of the State is or becomes at any time while the Contract or an extension of the Contract is in effect an employee of or a consultant to any other party to this Contract with respect to the subject matter of the Contract. The cancellation shall be effective when the Contractor receives written notice of the cancellation unless the notice specifies a later time. If the Contractor is a political subdivision of the State, it may also cancel this Contract as provided in A.R.S. § 38-511.
- 9.2 Gratuities. The State may, by written notice, terminate this Contract, in whole or in part, if the State determines that employment or a Gratuity was offered or made by the Contractor or a representative of the Contractor to any officer or employee of the State for the purpose of influencing the outcome of the procurement or securing the Contract, an amendment to the Contract, or favorable treatment concerning the Contract, including the making of any determination or decision about contract performance. The State, in addition to any other rights or remedies, shall be entitled to recover exemplary damages in the amount of three times the value of the Gratuity offered by the Contractor.
- 9.3 Suspension or Debarment. The State may, by written notice to the Contractor, immediately terminate this Contract if the State determines that the Contractor has been debarred, suspended or otherwise lawfully prohibited from participating in any public procurement activity, including but not limited to, being disapproved as a subcontractor of any public procurement unit or other governmental body. Submittal of an offer or execution of a contract shall attest that the contractor is not currently suspended or debarred. If the contractor becomes suspended or debarred, the contractor shall immediately notify the State.
- 9.4 Termination for Convenience. The State reserves the right to terminate the Contract, in whole or in part at any time, when in the best interests of the State without penalty or recourse. Upon receipt of the written notice, the Contractor shall stop all work, as directed in the notice, notify all subcontractors of the effective date of the termination and minimize all further costs to the State. In the event of termination under this paragraph, all documents, data and reports prepared by the Contractor under the

Contract shall become the property of and be delivered to the State upon demand. The Contractor shall be entitled to receive just and equitable compensation for work in progress, work completed and materials accepted before the effective date of the termination. The cost principles and procedures provided in A.A.C. R2-7-701 shall apply.

9.5 Termination for Default.

9.5.1 In addition to the rights reserved in the contract, the State may terminate the Contract in whole or in part due to the failure of the Contractor to comply with any term or condition of the Contract, to acquire and maintain all required insurance policies, bonds, licenses and permits, or to make satisfactory progress in performing the Contract. The Procurement Officer shall provide written notice of the termination and the reasons for it to the Contractor.

9.5.2 Upon termination under this paragraph, all goods, materials, documents, data and reports prepared by the Contractor under the Contract shall become the property of and be delivered to the State on demand.

9.5.3 The State may, upon termination of this Contract, procure, on terms and in the manner that it deems appropriate, materials or services to replace those under this Contract. The Contractor shall be liable to the State for any excess costs incurred by the State in procuring materials or services in substitution for those due from the Contractor.

9.6 Continuation of Performance Through Termination. The Contractor shall continue to perform, in accordance with the requirements of the Contract, up to the date of termination, as directed in the termination notice.

10 **Contract Claims.** All contract claims or controversies under this Contract shall be resolved according to A.R.S. Title 41, Chapter 23, Article 9, and rules adopted thereunder.

11 **Arbitration.** The parties to this Contract agree to resolve all disputes arising out of or relating to this contract through arbitration, after exhausting applicable administrative review, to the extent required by A.R.S. § 12-1518, except as may be required by other applicable statutes (Title 41).

12 **Comments Welcome .** The State Procurement Office periodically reviews the Uniform Terms and Conditions and welcomes any comments you may have. Please submit your comments to: State Procurement Administrator, State Procurement Office, 100 North 15th Avenue, Suite 104, Phoenix, Arizona, 85007.

1 DEFINITION OF TERMS

The terms listed below are defined as follows:

- 1.1 **“Key Personnel”** means persons whose experience and knowledge is professional in nature as opposed to clerical. Professional work is that which is predominantly intellectual and varied in character (as opposed to routine, manual, mechanical or physical) and involves the consistent exercise of discretion and judgment in the theoretical principles and techniques of a recognized field of science or learning.
- 1.2 **“May”** means something is permissive.
- 1.3 **“Must”** denotes the imperative.
- 1.4 **“Operational Change”** means an Arizona Department of Environmental Quality (ADEQ) requested or required material change to the Scope of Work or method of performance used by the Contractor to perform the Scope of Work.
- 1.5 **“Program Manager”** means the Arizona Vehicle Emissions Inspection Program Manager.
- 1.6 **“Shall”** means something is mandatory.
- 1.7 **“Should”** denotes a preference.
- 1.8 **“Task Assignment Proposal”** (TAP) means a proposal prepared by ADEQ that directs the Contractor to perform additional work that may include, but is not limited to, the following: Background information, a statement of objective(s), tasks/milestones and associated deadlines, deliverables, acceptance criteria, and other requirements.

2 RESERVED

3 ASSIGNMENT AND TRANSFER OF CONTRACTOR’S RIGHTS AND INTERESTS

- 3.1 If ADEQ terminates this Contract for any reason, ADEQ reserves the right to acquire the Contractor’s interest in land, buildings, improvements, equipment, parts, tools and other assets and contractual rights used by the Contractor in the operation of the program and the right to assume the operation of the program through another contractor or otherwise. If practicable, ADEQ will provide the Contractor at least ninety (90) days written notice to the Contractor of the termination and whether the ADEQ will exercise its right to acquire the Contractor’s assets and contractual rights used in the operation of the program. For the purposes of this section, the determination of the practicability of the time available for giving notice will be determined by ADEQ according to the law governing the existence and operation of the Arizona Vehicle Emissions Inspection Program, the reason for the termination, and the requirements for continuity in the operation of the AVEI program.
- 3.2 In accordance with the provisions of A.R.S. § 49-545(D)(6), The ADEQ may terminate the contract, and upon termination, may assume the right to assume operations of the

vehicle emissions inspection program through another contract provider or otherwise.

- 3.3 In the event the ADEQ terminates the Contract and exercises its right to acquire the Contractor's assets and contractual rights used in the operation of the program and the right to operate the program through another contractor or otherwise, Contractor shall, within ninety (90) Days:
 - 3.3.1 Assign or otherwise transfer any interest in land, buildings, improvements, equipment, parts, tools, services, and other assets owned and used by Contractor in the operation of the program as may be specified by ADEQ to ADEQ or to a party or parties designated by ADEQ. Such interests shall be transferred free of any encumbrances.
 - 3.3.2 Assign or otherwise transfer any contract rights, and related obligations, for land, buildings, improvements, equipment, parts, tools and services rented, leased, licensed, or otherwise used by the Contractor in the operation of the program as may be specified by ADEQ to ADEQ or a party or parties designated by ADEQ. At the time of transfer, Contractor shall bring current any past due obligations and satisfy any future obligations that have accrued based upon the Contractor's past exercise of contract rights.
- 3.4 In the event the ADEQ terminates the Contract or the Contract ends by its term in accordance with the "Contract Term" section, #8, of these Special Terms and Conditions and if in either instance ADEQ exercises its right to acquire the Contractor's assets used in the operation of the program, ADEQ shall, subject to the availability of funds and pursuant to A.R.S. § 49-545(D)(7), provide reasonable compensation to the Contractor. The basis for determining reasonable compensation shall be:
 - 3.4.1 If ADEQ terminates the Contract pursuant to following provisions of the Uniform Terms and Conditions: 9.1 "Cancellation for Conflict of Interest", 9.2 "Gratuities", 9.3 "Suspension or Debarment" and 9.5 "Termination for Default":
 - 3.4.1.1 The Contractor's book value of land, and the net book value of buildings, improvements, equipment, parts, tools and other assets used by the Contractor in the operation of the program.
 - 3.4.1.2 Less the amount of excess costs incurred by the State pursuant to section 9.5.3 of the Uniform Terms and Conditions.
 - 3.4.2 If the Contract ends by its term in accordance with the "Contract Term section, #8, of these Special Terms and Conditions:
 - 3.4.2.1 The Contractor's book value of land, and the net book value of buildings, improvements, equipment, parts, tools and other assets used by the Contractor in the operation of the program.
- 3.5 The State shall have the right to audit the Contractor's books and records to verify the amounts of book value and net book value. Contractor shall maintain books and records in sufficient detail to permit the determination of the book value and net book value of all assets used by the Contractor in the operation of the program.

- 3.6 The Contractor and ADEQ agree that if ADEQ exercises its right to acquire the Contractor's rights and interests the transfer shall not be delayed because of a dispute between the Contractor and the ADEQ regarding the determination of reasonable compensation. In the event that ADEQ and the Contractor cannot agree on the reasonable compensation, the Contractor shall make the conveyances and assignments of rights and interests and the parties shall continue to attempt to agree on the amounts to be paid to the Contractor.
- 3.7 Contractor may retain and not transfer to ADEQ or ADEQ's designee(s) any intellectual property created by the Contractor that is not covered by the Uniform Terms and Conditions, section 3.8, "Ownership of Intellectual Property".
- 3.8 For any intellectual property retained and not transferred by the Contractor pursuant to this section, Contractor shall be deemed to have provided ADEQ and ADEQ's designees with a non-exclusive license or similar permission to use such property for nine (9) years from the date the ADEQ Procurement Officer executes the Acceptance of Offer. Contractor shall, upon request from ADEQ and in a timely manner, take any and all steps that may be necessary to formalize such license or permission. The provisions of this section shall extend beyond Contract termination. It is the intention of the parties that this section shall be completely sufficient to provide ADEQ and ADEQ's designees with such a license.
- 3.9 Contractor shall provide in any agreement to be executed by the Contractor, and shall maintain or amend any previous agreement made by Contractor for land, buildings, improvements, equipment, parts, tools and services used in the operation of the program, for the right of Contractor to assign to the State any and all of the Contractor's rights and obligations under such agreement. Contractor shall submit on or before July 30, 2007 to ADEQ for approval, proposed standard agreement language to be used by the contractor to effectuate the provisions of this subsection. Any substantial deviation from the standard approved agreement language must receive prior approval from ADEQ prior to the Contractor executing the agreement.
- 3.10 In the event the ADEQ terminates the Contract and exercises its right to acquire the Contractor's assets and contractual rights used in the operation of the program and the right to operate the program through another contractor or otherwise, to facilitate continuity in the AVEI program, Contractor shall make available personnel, facilities, and equipment for execution of Task Assignments. The provisions of this subsection shall extend beyond Contract termination.
- 3.11 For purposes of this section, improvements, equipment, parts, tools and services are proprietary in nature to the extent they are trade secrets as defined by A.R.S. § 49-201(39).
- 3.12 Neither the State nor ADEQ are required to purchase any asset or assume any liability of this Contract on Contract termination.

4 CERTIFICATION OF COST OR PRICING DATA

The Contractor shall submit cost and or pricing data to ADEQ, as specified by ADEQ, in accordance with Arizona Revised Statutes, Title 41, Chapter 23, Articles 3 and 7, and related Arizona Administrative Code (AAC) rules. By signing the Offer and Contract Award form, a Contract Change Order, a Contract Amendment or other official form, the Contractor is certifying that, to the best of the Contractor's knowledge and belief, any cost or pricing data submitted is accurate, complete and current as of the date submitted or other mutually agreed upon date. Furthermore, the Contractor's Test Fees, hourly rate(s), and the reasonable compensation (as defined in section 3.4 of these Special Terms and Conditions) may be adjusted, to exclude any significant amounts by which the ADEQ finds the Contractor-furnished cost or pricing data was inaccurate, incomplete or not current as of the date of certification. Such adjustment by the ADEQ may include the amount of the defect plus overhead and profit or fees. The cost and pricing data shall be submitted in accordance with AAC R2-7-701 and be sufficiently detailed, accurate, complete and current to ADEQ's satisfaction to support and provide the basis for the Contractor's proposed amounts for Contractor's Test Fees, hourly rates and/or reasonable compensation provided for in this Contract. The ADEQ may make a preliminary finding regarding the suitability of Contractor submitted cost or pricing data and upon final determination by the ADEQ, make an adjustment to any payments paid by the ADEQ.

5 CONFIDENTIALITY

- 5.1 The Contractor shall establish and maintain procedures and controls that are acceptable to ADEQ for the purpose of assuring that no information contained in its records or obtained from ADEQ or from others, in carrying out its functions under the Contract shall be used by or disclosed by it, its agents, officers, or employees, except as required to efficiently perform duties or maintain the public's right to review work performed. Any person requesting such information from the Contractor shall be referred to the ADEQ Procurement Officer.
- 5.2 Contractor shall not divulge any information pertaining to individual persons other than to employees or officers of the Contractor as needed for the performance of duties under the Contract, unless otherwise provided in writing by the ADEQ Procurement Officer.

6 CONTRACT AMENDMENT

- 6.1 ADEQ reserves the right to add or delete related services and make other changes within the Contract as may be deemed necessary to best serve the interests of the State or as may be required by law. All changes shall be documented by Contract Amendment.
- 6.2 Starting in 2008, each August, ADEQ and Contractor shall meet to discuss past performance and any changes to the Contract that may be desired. Contractor shall submit a list of any issues Contractor wishes to be placed on the agenda for this meeting by July 24th.

6.3 The Contract may be amended in accordance with A.R.S. § 49-545(G).

6.4 ADEQ and Contractor understand that any proposed modification or amendment to this Contract is subject to prior review by the Arizona Joint Legislative Budget Committee.

7 CONTRACTOR'S TEST FEES

7.1 In Area A, there are eight (8) types of tests and in Area B, there are six (6) types of tests as provided on the Contract Pricing Schedule. To accommodate changes in technology, additional types of tests may be amended into the Contract, provided the price per test is not greater than the Contracted Test Fee most similar to the added test. The Contractor will be paid the Contractor's Test Fee for each test performed in accordance with the Scope of Work, "Motorist Test Fee" section of these Special Terms and Conditions, and as indicated on the Contract Pricing Schedule. The Contractor's Test Fee(s) are on an all inclusive basis and shall include but are not limited to the labor rate, labor benefits, payroll burden, insurance, Workers Compensation, fees, all taxes, profit, overhead (including repairs and maintenance if applicable), administrative costs (including backup documentation, subcontractor administration and all other related administrative factors) and all other cost factors. The Contractor shall be compensated for all work specified in the Contract through the Contractor's Test Fee. The Contractor shall not be paid or compensated for other services and/or costs except for work authorized specific to a Task Assignment and for pre-approved travel expenses.

7.2 ADEQ may require the Contractor to submit cost and or pricing data information that provides the basis for how Contractor's Test Fees were derived. The cost and or price data must be sufficiently clear, to ADEQ's satisfaction, to justify the Contract Test Fees.

7.3 ADEQ will not reimburse any item other than the all-inclusive Test Fees contained in the Contract Pricing Schedule except for travel required by the ADEQ. Travel expenses will only be reimbursed for travel requested in writing and pre-approved in writing by the ADEQ to a destination outside Area A or B. Travel costs include airfare, auto rental, per diem expenses or other items prior approved by the ADEQ Procurement Officer. Travel and per diem rates will be as per the then current State of Arizona rates published by the Arizona Department of Administration. ADEQ will not authorize reimbursement for travel to and from any of the Contractor's out-of-state offices or travel that may be required to perform services or attend meetings in Area A or B.

7.4 Price reduction adjustments to Contractor's Test Fees or Hourly Rates may be offered at any time during the term of the Contract. A Contractor's Test Fee or Hourly Rate reduction shall be in accordance with a written Contract Amendment executed by the ADEQ Procurement Officer and the Contractor.

7.5 Contractor's Test Fee and Hourly Rate(s) will not be increased during the entire term of the Contract; prices will stay firm and fixed.

7.6 Contractor's Test Fees by test type shall be the same for all inspection locations within an Area (A or B); and, Contractor's Test Fees for OBD shall be the same amount for both Areas A and B.

8 CONTRACT TERM

The Contract term is for seven (7) years from the date the ADEQ Procurement Officer executes the Acceptance of Offer unless another date is specified. ADEQ intends to operate the Contract on the State's fiscal year, which runs from July to June.

- 8.1 This Contract contains due dates, such as for annual and semi-annual reports, which may fall after the expiration of the Contract. The Contractor shall produce and deliver to ADEQ all such deliverables in accordance with the terms of the Contract.

9 CONTRACT TERM RENEWAL

- 9.1 The Contract shall not bind nor purport to bind the ADEQ for any contractual commitment in excess of the original Contract period. The ADEQ shall have the right, at its sole option and as deemed to be in the best interest of the State, to renew or extend the Contract, in accordance with applicable law.
- 9.2 Nothing in this Contract shall require the State to purchase any asset or assume any liability if this Contract is not renewed.

10 CONTRACT TYPE

Firm, fixed price.

11 ESTIMATED USAGE

The Contract shall be used on an as needed, if needed basis. ADEQ makes no guarantee as to the amount of work that may be performed under the Contract.

12 EVALUATION

The ADEQ may evaluate, and the Contractor shall cooperate in the evaluation of, Contract services. Evaluation may assess the quality and impact of Contract services, either in isolation or in comparison with other similar services, and assess the Contractor's progress and/or success in achieving the Scope of Work, goals, objectives and deliverables set forth in this Contract.

13 EXHIBITS

Contract services shall be performed in accordance with the following Exhibits which are incorporated by reference and are a part of this Contract as if fully set forth herein:

- 13.1 Exhibit 1 Arizona Revised Statutes (A.R.S.) § 49-541 et seq.
- 13.2 Exhibit 2 Arizona Administrative Code (AAC) R18-2-1000 et seq.
- 13.3 Exhibit 3 40 Code of Federal Regulations (CFR) Part 51, Subpart S (51.350 et seq.)

- 13.4 Exhibit 5 Arizona Revised Statutes (A.R.S.) §1-301
- 13.5 Exhibit 6 "Failure Rate Analyses and Development of Fast-Pass, Retest, and CPP Algorithms for IM147 Max CO Cutpoints", SR00-03-01
- 13.6 Exhibit 7 IM240 & Evap Technical Guidance, EPA420-R-00-007, April 2000
- 13.7 Exhibit 8 Society of Automotive Engineers (SAE), Recommended Practice J1667 and ADEQ's J1667 Test Modifications
- 13.8 Exhibit 9 Tampering Inspection Requirements
- 13.9 Exhibit 12 Catalyst Replacement Task Description
- 13.10 Exhibit 18 Data Warehouse Specifications
- 13.11 Exhibit 19 Performing Onboard Diagnostic System Checks as Part of a Vehicle Inspection and Maintenance Program
- 13.12 Exhibit 20 BAR-97 Revised Emission Inspection System Specifications
- 13.13 Exhibit 21 40 Code of Federal Regulations (CFR) Part 85, Subpart W (85.2201et seq.)
- 13.14 Exhibit 22 Society of Automotive Engineers (SAE), Recommended Practice J35

14 FEDERAL IMMIGRATION AND NATIONALITY ACT

By entering into the Contract, the Contractor warrants compliance with the Federal Immigration and Nationality Act (FINA) and all other Federal immigration laws and regulations related to the immigration status of its employees. The Contractor shall obtain statements from its subcontractors certifying compliance and shall furnish the statements to the Procurement Officer upon request. These warranties shall remain in effect through the term of the Contract. The Contractor and its subcontractors shall also maintain Employment Eligibility Verification forms (I-9) as required by the U. S. Department of Labor's Immigration and Control Act, for all employees performing work under the Contract. I-9 forms are available for download at www.USCIS.GOV.

15 IMPLEMENTATION PHASE AND OPERATIONAL PHASE

- 15.1 In the event ADEQ awards the Contract after the later half of July 2007 the commencement date of the Operational Phase shall not be moved back and shall start on January 2, 2009.
- 15.2 In the event ADEQ awards the contract after the later half of July 2007 the absolute fixed dates (e.g., October 24, 2007) that appear in the Scope of Work will be moved back on a "day for day basis" except that the final ATP date, specified by the Scope of Work, section 5.4, and the start date of the Operational Phase shall not be modified. The ADEQ and the Contractor may agree, in writing, to a lesser delay period, if any.

16 INDEMNIFICATION CLAUSE

Contractor shall indemnify, defend, save and hold harmless the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees (hereinafter referred to as "Indemnatee") from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as "Claims") for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Contractor or any of its owners, officers, directors, agents, employees or subcontractors. This indemnity includes any claim or amount arising out of or recovered under the Workers' Compensation Law or arising out of the failure of such contractor to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree. It is the specific intention of the parties that the Indemnatee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnatee, be indemnified by Contractor from and against any and all claims. It is agreed that Contractor will be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable. In consideration of the award of this contract, the Contractor agrees to waive all rights of subrogation against the State of Arizona, its officers, officials, agents and employees for losses arising from the work performed by the Contractor for the State of Arizona.

This indemnity shall not apply if the contractor or sub-contractor(s) is/are an agency, board, commission or university of the State of Arizona.

17 INSURANCE REQUIREMENTS

Contractor and subcontractors shall procure and maintain, until all of their obligations, including any warranty periods under this Contract, are satisfied, insurance against claims for injury to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Contractor, his agents, representatives, employees or subcontractors.

The *insurance requirements* herein are minimum requirements for this Contract and in no way limit the indemnity covenants contained in this Contract. The State of Arizona in no way warrants that the minimum limits contained herein are sufficient to protect the Contractor from liabilities that might arise out of the performance of the work under this contract by the Contractor, its agents, representatives, employees or subcontractors, and Contractor is free to purchase additional insurance.

A. MINIMUM SCOPE AND LIMITS OF INSURANCE Contractor shall provide coverage at least as broad and with limits of liability not less than those stated below.

1. Garage Liability – Occurrence Form

Policy shall include bodily injury, property damage, personal injury and broad form contractual liability for garage operations, covered autos and operations necessary and incidental to the garage business.

- | | |
|---|-------------|
| • General Aggregate | \$2,000,000 |
| • Premises and Operations | \$1,000,000 |
| • Products – Completed Operations Aggregate | \$1,000,000 |

- Personal and Advertising Injury \$1,000,000
- Each Occurrence \$1,000,000
- Fire Legal Liability \$ 50,000
- Blanket Contractual Liability – Written and Oral \$1,000,000
- Garagekeepers Legal Liability - Direct Primary Coverage:
 - Each Auto \$ 500,000
 - Each Occurrence \$1,000,000
- a The policy shall be **endorsed to include direct primary Garagekeepers Legal Liability coverage.**
- b The policy shall be endorsed to include the following additional insured language:
“The State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Contractor”.
- c. Policy shall contain a waiver of subrogation against the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.
- d. Any Subcontractors, not providing materials or services required for the performance of the Contract, hired by Contractor shall provide General Liability for the above stated amounts and exclude coverage for Garagekeepers Legal Liability as required of the Contractor. Items b and c shall also apply to Subcontractor.

2. Excess Liability/Umbrella – Occurrence Form (Contractor is responsible for carrying the Excess Liability coverage, Subcontractors not providing materials or services required for the performance of the Contract do not need to provide this coverage). \$10,000,000

3 Automobile Liability.

Bodily Injury and Property Damage for any owned, hired, and/or non-owned vehicles used in the performance of this Contract.

COMBINED SINGLE LIMIT (CSL) \$1,000,000

- a. The policy shall be **endorsed to include coverage for towing** (if towing services are included in the scope of services in the Contract or part of the normal operations of the Contractor).
- b. The policy shall be endorsed to include the following additional insured language: ***“The State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Contractor, involving automobiles owned, leased, hired or borrowed by the Contractor”.***

4. Worker's Compensation and Employers' Liability

Workers' Compensation
Employers' Liability

Statutory

Each Accident	\$ 500,000
Disease – Each Employee	\$ 500,000
Disease – Policy Limit	
\$1,000,000	

a. Policy shall contain a waiver of subrogation against the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

b. This requirement shall not apply to: Separately, EACH contractor or subcontractor exempt under A.R.S. § 23-901, and when such contractor or subcontractor executes the appropriate waiver (Sole Proprietor/Independent Contractor) form.

5. Fidelity Bond or Crime Insurance (If the Contractor or Subcontractor handles money transactions they must provide this coverage)

Bond or Policy Limit	\$1,000,000
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- a. The bond or policy shall be issued with minimum limits of \$1,000,000.
- b. The bond or policy shall include coverage for all directors, officers, agents and employees of the Contractor.
- c. The bond or policy shall include coverage for electronic fund transfers.
- d. The bond or policy shall **include coverage for third party fidelity.**
- e. The bond or policy shall **include coverage for theft and mysterious disappearance.**
- f. The bond or policy shall **contain no requirement for arrest and conviction.**
- g. The bond or policy shall cover loss outside the premises of the **Named Insured.**
- h. **The bond or policy shall not have a deductible of more than \$10,000.**

B. ADDITIONAL INSURANCE REQUIREMENTS: The policies shall include, or be endorsed to include, the following provisions:

- 1. The State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees wherever additional insured status is required such additional insured shall be covered to the full limits of liability purchased by the Contractor, even if those limits of liability are in excess of those required by this Contract.
- 2. The Contractor's insurance coverage shall be primary insurance with respect to all other available sources.
- 3. Coverage provided by the Contractor shall not be limited to the liability assumed under the indemnification provisions of this Contract.

C. NOTICE OF CANCELLATION: Each insurance policy required by the insurance provisions of this Contract shall provide the required coverage and shall not be suspended, voided, canceled, or reduced in coverage or in limits except after thirty (30) days prior written notice has been given to the State of Arizona. Such notice shall be sent directly to the ADEQ Procurement Officer and shall be sent by certified mail, return receipt requested.

D. **ACCEPTABILITY OF INSURERS:** Insurance is to be placed with duly licensed or approved non-admitted insurers in the state of Arizona with an "A.M. Best" rating of not less than A- VII. The State of Arizona in no way warrants that the above-required minimum insurer rating is sufficient to protect the Contractor from potential insurer insolvency.

E. **VERIFICATION OF COVERAGE:** Contractor shall furnish the State of Arizona with certificates of insurance (ACORD form or equivalent approved by the State of Arizona) as required by this Contract. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

All certificates and endorsements are to be received and approved by the State of Arizona before work commences. Each insurance policy required by this Contract must be in effect at or prior to commencement of work under this Contract and remain in effect for the duration of the project. Failure to maintain the insurance policies as required by this Contract, or to provide evidence of renewal, is a material breach of contract.

All certificates required by this Contract shall be sent directly to the ADEQ Procurement Officer. The State of Arizona project/contract number and project description shall be noted on the certificate of insurance. The State of Arizona reserves the right to require complete, certified copies of all insurance policies required by this Contract at any time. **DO NOT SEND CERTIFICATES OF INSURANCE TO THE STATE OF ARIZONA'S RISK MANAGEMENT SECTION.**

F. **SUBCONTRACTORS:** Contractors' certificate(s) shall include all subcontractors as insureds under its policies **or** Contractor shall furnish to the State of Arizona separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to the minimum requirements identified above.

G. **APPROVAL:** Any modification or variation from the *insurance requirements* in this Contract shall be made by the Department of Administration, Risk Management Section, whose decision shall be final. Such action will not require a formal Contract amendment, but may be made by administrative action.

H. **EXCEPTIONS:** In the event the Contractor or sub-contractor(s) is/are a public entity, then the Insurance Requirements shall not apply. Such public entity shall provide a Certificate of Self-Insurance. If the contractor or sub-contractor(s) is/are a State of Arizona agency, board, commission, or university, none of the above shall apply.

18 INVOICE

- 18.1 The Contractor shall submit a weekly Invoice to the Program Manager at the end of each week, which includes, but is not limited to, the following data elements: Period covered by invoice, test type, number of paid tests by test type, total collected by test type, number of free tests by test type, total due to Contractor by test type, and sub-

totals/grand total. The Contractor shall submit an electronic copy of the invoice and a paper copy if requested by ADEQ.

- 18.2 For work in the Contract that is authorized by Task Assignment, Contractor shall submit an invoice to the Program Manager reflecting the firm, fixed price amounts established in the Task Assignment. Invoices shall be submitted for each month in which the Contractor completes specific tasks within the Task Assignment and/or at the completion of the Task Assignment.

19 ISSUE RESOLUTION PROCEDURE

- 19.1 ADEQ and Contractor agree that issues affecting the success of the Contract must be promptly and satisfactorily resolved. If either party identifies such an issue, it may be submitted to the first person on the Issue Resolution Ladder. If a satisfactory resolution is not reached, then the issue shall be escalated to the next person on the Ladder, with this procedure repeating until the issue is resolved satisfactorily or an impasse to resolution is reached. Neither party to the Contract may agree to modify or waive any portion of the Contract except as provided by the Contract. Nothing in this section is intended to prevent or discourage issues from being submitted, at any time, to the ADEQ Procurement Officer or the Contractor's official Notices person.
- 19.2 If the issue raised involves liquidated damages or events that trigger liquidated damages, the ADEQ after resolving the issue may reduce the amount or forego the collection of damages. An agreement to reduce or forego damages shall be in writing executed by the ADEQ Procurement Officer, shall not require a Contract Amendment, and shall not constitute a waiver of collection of liquidated damages for similar events in the future.
- 19.3 Issue Resolution Ladder: For issues resolution the Contractor may identify issues first to the ADEQ Program Manager, and then escalate to the Director of the Air Quality Division and then to the ADEQ Procurement Officer. Contractor shall designate appropriate counterparts for each person on the ADEQ Issue Resolution Ladder. Both parties may change the persons at any level on written notice except that the ADEQ Procurement Officer review may not be changed. Nothing in this section is intended to modify the right or authority of the ADEQ Director to act in accordance with Arizona Revised Statutes.
- 19.4 The ADEQ Director shall decide any issue between the Contractor and the ADEQ that cannot otherwise be settled pursuant to this section. The ADEQ will reduce its decision to writing and mail or otherwise furnish a copy to the Contractor. This decision shall be final, subject only to the Contractor's right to such further remedies as are available by the Arizona Procurement Code, Arizona Revised Statute Title 41, Chapter 23, Article 9 and any other remedy available by law. While pursuing any such further remedies, the Contractor shall proceed diligently with the performance of the Contract in accordance with the decision of the Director.

20 KEY PERSONNEL

- 20.1 It is essential that the Contractor provide an adequate staff of experienced personnel,

capable of and devoted to the successful accomplishment of work to be performed in the Contract. The Contractor must assign specific individuals, known as Key Personnel, to specific positions.

- 20.2 Once assigned to work under the Contract, Key Personnel shall not be removed or replaced without the prior written approval of the ADEQ, except prior approval is not required when Key Personnel are replaced or removed due to voluntarily separation or termination for cause. Contractor shall not charge the ADEQ for any costs associated with removing or replacing Key Personnel.
- 20.3 Contractor may add Key Personnel who will perform work under Task Assignments at any time with the approval of the ADEQ Procurement Officer. A request to add such Key Personnel shall include resume(s) or other similar information that gives the new Key Personnel's qualifications. Hourly rates for these added Key Personnel shall be equal to or less than those Key Personnel with similar qualifications already listed on the Contract Pricing Schedule.
- 20.4 In addition to any other Key Personnel specified in the Contract, Contractor shall staff Implementation Phase Manager positions and Operational Phase Manager positions, and any other positions required to perform Contract work.
- 20.5 Implementation Phase Manager positions shall be staffed in sufficient time to prepare for the Implementation Phase. Training Manager position(s) shall be staffed by the time specified in the Contractor's proposal, assumed to be in the latter portion of the Implementation Phase, but in no event any later than necessary to satisfactorily perform the contact.
- 20.6 Operational Phase Manager positions shall be staffed before the Operational Phase begins. The time by which the Operational Phase Key Personnel will be staffed is specified in the Contract and is assumed to be in the latter portion of the Implementation Phase, but in no event any later than necessary to satisfactorily perform the contact. Operational Phase Manager positions shall be staffed until Contract termination.

21 LIQUIDATED DAMAGES PAYABLE TO ADEQ

- 21.1 It is agreed by ADEQ and the Contractor that a failure to meet the Contract requirements will cause damage to the ADEQ. In the event that such failure is attributable to the performance or lack of performance by the Contractor, the Contractor agrees to pay damages to the State. ADEQ and the Contractor further agree that it may be impractical and difficult to ascertain and determine the actual damages sustained by ADEQ. In the event of a delay or failure to perform, the Contractor agrees to pay ADEQ, as and for liquidated damages, without proof of actual or specified loss, as specified below.
- 21.2 Liquidated damages shall not be imposed or assessed if delays are the direct result of ADEQ's actions or failure to act in accordance with its responsibilities in the Contract. Contractor shall advise the ADEQ Procurement Officer, in writing, within one (1) business day of Contractor identification of any circumstances attributable to ADEQ that the Contractor feels may lead to failure to meet Contractual performance

requirements. The Contractor's notice does not relieve the Contractor from its obligation to perform until ADEQ makes a determination regarding the merits of the circumstances.

- 21.3 The remedies of the State are not limited by the provision for liquidated damages. In addition to the liquidated damages given below, the State may elect to terminate the Contract in whole or in part and liquidated damages shall accrue until such time as the Contract requirements are met or the State is able to reasonably obtain performance of similar services. Contractor shall be liable for each and every type of liquidated damages that may be applicable. Liquidated damages shall be in addition to excess costs under the Uniform Terms and Conditions, Termination for Default section. Nothing in the "Liquidated Damages Payable to ADEQ" section shall limit the State's right to recover such excess costs or any other remedy at law or equity, whether or not specified in this Contract.
- 21.4 **Late Reports**
- 21.4.1 For periodic reports specified in the Scope of Work (daily, weekly, monthly, year to date) that are not timely submitted as per the general deadlines for report submission in the Special Terms and Conditions, liquidated damages in the amount of one thousand dollars (\$1,000) per day shall be assessed.
- 21.4.2 For all other reports specified in the Scope of Work two thousand dollars (\$2,000) per day will be assessed, for each day after the specified due date.
- 21.4.3 For the data warehouse and for special reports specified in writing by ADEQ to be generated, for each day beyond one business day that the data are not up to date and accessible or the special report is not provided, five thousand dollars (\$5,000) per day shall be assessed.
- 21.4.4 For failure to submit financial or non-financial reports in accordance with the "REPORTING REQUIREMENTS" both "FINANCIAL" and "NON-FINANCIAL" sections of these Special Terms and Conditions five thousand dollars (\$5,000) per day shall be assessed, for each day after the specified due date.
- 21.5 **Acceptance Test Procedure (ATP)**
- 21.5.1 In the event Contractor fails to submit an ATP plan to ADEQ by the date specified within the Scope of Work, Contractor agrees to pay ADEQ as liquidated damages a sum of one thousand dollars (\$1,000), plus one hundred dollars (\$100) per business day the final ATP is late for the first five (5) business days late and one thousand dollars (\$1,000) per business day thereafter.
- 21.5.2 In the event Contractor is unable to demonstrate in accordance with an agreed upon ATP that Contractor can perform according to the Contract by deadline established in that ATP, Contractor agrees to pay ten thousand dollars (\$10,000) per business day to ADEQ as liquidated damages until such time as Contractor can demonstrate acceptable performance in accordance with the ATP.
- 21.6 **Lane Downtime**
In the event that lane downtime for all lanes in both Areas A and B, as described in

the Scope of Work, exceeds one-half of one percent (0.5%) of the available lane hours, Contractor agrees to pay ADEQ as liquidated damages the sum of one thousand dollars (\$1,000) for each lane/hour in excess of five percent (5%) of the available lane hours.

21.7 Wait Times

21.7.1 Liquidated damages shall be determined, calculated, and assessed for each individual inspection station location.

21.7.2 In the event that the number of customers waiting at an inspection station, during a calendar month (as reported on the "5 Minute Wait Time" report), exceeds the number specified in the Scope of Work (section 2.1.3), ADEQ will calculate the throughput threshold as follows: The total number of vehicles tested for the month at an inspection station as reported on the "5 Minute Wait Time" report, divided by the number of lanes at the station, divided by the total operating hours for the month. If an inspection station has not met the throughput threshold, Contractor agrees to pay liquidated damages to ADEQ as follows:

21.7.2.1 If the throughput threshold equals less than 6.5 vehicles per hour for Area A or less than 11.5 vehicles per hour for Area B, liquidated damages will be assessed at the rate of two thousand dollars (\$2,000.00) per each one-half (0.5) percentage point above 30 % (of customers required to wait 15 minutes or more). For each consecutive calendar month after the first month that liquidated damages are due under this section for the same station, the amount of liquidated damages shall increase five hundred dollars (\$500.00) per month for each one-half (0.5) percentage point above thirty percent (30%).

21.7.2.2 If the number of customers required to wait for thirty (30) minutes or more is exceeded at an inspection station, and the above throughput threshold is not met, liquidated damages will be assessed at the rate of three thousand dollars (\$3,000.00) per each one-half (0.5) percentage point above 15% (of customers required to wait 30 minutes or more). For each consecutive calendar month after the first month that liquidated damages are due under this section, the amount of liquidated damages shall increase five hundred dollars (\$500.00) per month for each one-half (0.5) percentage point above fifteen percent (15%).

21.7.2.3 The Contractor shall be assessed liquidated damages for its failure to meet each of the 30% and 15% standards in any month so that liquidated damages are applied to either or both. The five hundred dollar (\$500.00) increase per consecutive month shall be cumulative, applied to the previous month amount for each one-half (0.5) percentage point above 30% and 15%.

21.7.3 If wait times at an inspection station exceed the tolerance limits specified within this section and the Scope of Work, and the Contractor cannot reduce the wait times to the tolerance limits specified, the ADEQ may order the Contractor to make changes in operating procedures, to include but not limited to: Increase the number of inspection personnel, increase the operating hours

of the affected inspection facility, or to make any other changes which will reduce wait times.

21.8 Station Not Operating

In the event none of the lanes in a station are operational for more than an aggregate of four (4) hours in a day, Contractor agrees to pay liquidated damages in the amount of five thousand dollars (\$5,000) for each such day.

21.9 Inaccurate, Improper or Incorrect Tests

The Contractor shall indemnify and hold the State harmless for its failure to perform the Contract and accurately perform tests due to, but not limited to, equipment failure, operator error, fraud, or negligence. The Contractor may be assessed damages equivalent to 100% of the Contractor fee for each inaccurate, improper or incorrect test performed by the Contractor. The Contractor is liable for any fines, sanctions, disallowances or penalties imposed, by the Federal Government upon the State, for the State's failure to adequately operate the Arizona Vehicle Emissions Inspection Program when the fines, sanctions, disallowances or penalties can be attributed to the Contractor's failure to perform.

21.9.1 Contractor shall reimburse the customer for the Motorist Test Fee resulting from the Contractor's inaccurate, improper or incorrect tests.

21.10 Unmatched or Mismatched Test Transactions

The Contractor is responsible for ensuring that all reports, tests, and other transactions are properly recorded and required reports or fields on the vehicle record are appropriately recorded or updated. For each such test or transaction that has not been recorded or properly updated as a result of Contractor data entry error or failure to perform the required vehicle verification and data checks, the Contractor may be assessed damages equivalent to one hundred percent (100%) of the Contractor fee for each improperly recorded, unmatched or mismatched test or transaction.

21.11 Loss or Corruption of Vehicle, Test, and Related Data

The Contractor shall be responsible for the quality and integrity of vehicle, test and other data maintained on computer database(s). If any data have been lost or corrupted as a result of an action, or inaction, by the Contractor, which data cannot be restored and which adversely affects the use or efficacy of the record or records, the Contractor may be assessed damages equivalent to one hundred percent (100%) of the Contractor fee for each record so identified to the extent vehicle owners are adversely impacted or inconvenienced or the State is prevented from discharging its duties and responsibilities. The Contractor shall not be liable for assessed liquidated damages if the ADEQ determines that the deficiency is substantially caused by incorrect or incomplete information provided to the Contractor.

21.12 Failure to Provide Contractor Right to Assign

The Contractor shall be responsible to provide in any agreement to be executed by the Contractor and maintain or amend any previous agreement made by the Contractor for land, buildings, improvements, equipment, parts, tools, licenses and services used in the operation of the program, for the right of Contractor to assign to the State any and all of the Contractor's rights and obligations under such agreement. In the event the Contractor fails to provide for such right to assign, the

Contractor agrees to pay liquidated damages in the amount of one million dollars (\$1,000,000) for each agreement not so executed or amended.

21.13 Mitigating Conditions

Contractor may identify mitigating conditions that Contractor believes makes Contractor's payment of liquidated damages to ADEQ inappropriate. Contractor may specify the cost and performance impacts of these mitigating conditions or any other facts the Contractor believes ADEQ should consider relative to the obligation of the Contractor to pay damages. ADEQ reserves the right and is the final authority to accept or reject any or all of the mitigating conditions that Contractor proposes.

22 LIQUIDATED DAMAGES PAYABLE TO THE CONTRACTOR

- 22.1** This section will govern the payment of liquidated damages as provided in A.R.S. § 49-545(D)(11). No damages other than the liquidated damages provided for in this section may be recoverable by the Contractor under this Contract. Either category of liquidated damages defined in this section as either Level I or Level II will constitute "reasonable compensation" as that phrase is used in A.R.S. § 49-545(D)(1). Neither category of liquidated damages will constitute "reasonable compensation" as that phrase is used in A.R.S. § 49-545(D)(7).
- 22.2** No termination liability or liability for payment of liquidated damages will be incurred by the State until after the Contract is awarded and the Contractor begins work on the Implementation Phase of the Contract. No liquidated damages shall accrue prior to the date of Contract award. Further, no termination liability or payment of liquidated damages will be incurred by the State if the Contract is terminated under the following provisions of the Uniform Terms and Conditions: 9.1 "Cancellation for Conflict of Interest", 9.2 "Gratuities", 9.3 "Suspension or Debarment" and 9.5 "Termination for Default". Liquidated damages will be payable by the State if the Contract is terminated ("qualifying termination") under the 9.4 "Termination for Convenience" of the Uniform Terms and Conditions and for termination under the provisions of A.R.S. § 49-545(D)(1).
- 22.3** There are two categories of liquidated damages that may be payable by the State for a qualifying termination. A Contractor may be eligible to receive one category of liquidated damages but not both. Level I liquidated damages are payable if a qualifying termination is not accompanied by the transfer of the Contractor's interest in land, buildings, improvements, equipment, parts, tools, services and other assets and the contractual rights used by the Contractor in the operation of the program as provided in Section 3 of these Special Terms and Conditions. Level II liquidated damages are payable if a qualifying termination is accompanied by such a transfer.
- 22.4** Liquidated damages will be determined in accordance with cost principles provided by Arizona Administrative Code R2-7-701.
- 22.5** Contractor shall have no claim for liquidated damages if it did not provide the following with its Offer: liquidated damages amounts on the Contract Pricing Schedule, the methodology (financial calculations/basis) that shows how liquidated damages were derived, and Cost and Price Data.

22.6 Payment of liquidated damages by ADEQ to Contractor is expressly made conditional on receiving an appropriation for the purpose of paying Contractor's liquidated damages. The State will not pay liquidated damages or compensate the Contractor in any way for the State's failure to make an appropriation for the purpose of paying liquidated damages.

23 **MONITORING**

The ADEQ may monitor the Contractor and/or subcontractor and they shall cooperate in the monitoring of services delivered, facilities and records maintained and fiscal practices.

24 **MOTORIST TEST FEE**

24.1 ADEQ will specify, in writing, for each type of test, the Motorist Test Fee. At the time ADEQ sets the Motorist Test Fee, ADEQ will also set the amount of ADEQ Program Cost that is included within the Motorist Test Fee. At any time thereafter, on ninety (90) Days written notice to Contractor, ADEQ may change the Motorist Test Fee for any and all test categories. Contractor shall be responsible for making all software and procedural changes necessary to implement any changes to the Motorist Test Fee and all costs associated with making changes.

24.2 Contractor shall collect the appropriate Motorist Test Fee for each vehicle inspected and hold the ADEQ harmless for the Contractor's failure to collect these fees. The Contractor shall only be paid the Contractor's Test Fee(s) when a Motorist Test Fee is collected. Contractor shall not collect the Motorist Test Fee in the following cases:

24.2.1 Vehicles re-tested within sixty (60) Days of a paid inspection, provided the motorist surrenders the previous failing tests VIR with repair information completed,

24.2.2 Tests conducted for the purpose of resolving a customer complaint,

24.2.3 Invalid tests,

24.2.4 Tests conducted during audits by the State,

24.2.5 Vehicles rejected from testing for safety or technical reasons; and,

24.2.6 As may be otherwise specified in the Scope of Work or elsewhere in the Contract.

24.3 On a monthly basis, Contractor shall submit to ADEQ a Monthly Reconciliation Report in accordance with the "Reporting Requirements – Financial" section of these "Special Terms and Conditions".

24.4 Contractor shall deposit Motorist Test Fees collected each business day, by the end of the next business day, in a bank account established and designated by ADEQ. If the deposit is due on a day the bank is not open (State holiday or Sunday), the deposit shall be made the next business day. ADEQ will make payment to the Contractor in accordance with the Contract Pricing Schedule and the "Payments"

section of these "Uniform Terms and Conditions".

- 24.4.1 Contractor shall submit a Daily Deposit Report for the daily deposit(s) in accordance with the "Reporting Requirements – Financial" section of these "Special Terms and Conditions".
- 24.5 If subsequently permitted by law or authority granted to ADEQ, ADEQ may authorize Contractor via Contract Amendment to retain all or part of the Contractor's Test Fee and remit to ADEQ the remainder of the Motorist Test Fee.
- 24.6 Pre-payment of Motorist Test Fees: Contractor shall implement a pre-paid coupon payment system, that allows for payment of Motorist Test Fees before a vehicle is presented for inspection. Contractor shall not require any pre-payment by motorists. Once a vehicle receives a test for which a Motorist Test Fee is due and for which the Contractor has received a pre-payment, the Contractor shall remit the Motorist Test Fee to ADEQ. Contractor shall refund any amount of unused pre-payment on demand or upon contract termination to the person or firm or their authorized agent, which made the pre-payment. If unused pre-payments cannot be returned to the person or firm, because the firm or person cannot be located, the balance of the pre-payment amount shall be transferred to ADEQ, or as directed by ADEQ, along with an accounting that includes the following: pre-payment amount received from the person or firm, its last known address, number and type of tests provided, and the balance of unused pre-payments. At the motorist or firm's request, the Contractor shall furnish an accounting of the payment coupons used and remaining balance.
- 24.7 The Contractor shall accept payment from motorists in the form of cash or check. With ADEQ approval and in accordance with controlling law, motorists may pay and the Contractor shall accept payments from motorists using credit cards, electronic transfer, or debit cards. Contractor must comply with applicable law and policy (see A.R.S. § 35-142 and Arizona General Accounting Office Technical Bulletin 05-8, as amended). ADEQ will have the right to approve Contractor's procedures. Contractor shall not charge motorists a fee in addition to the Motorist Test Fee, or ADEQ a convenience fee, or any other fees for the use of payment cards.
- 24.7.1 ADEQ may implement a motorist self-service fee collection system that relieves the Contractor from all responsibility for collecting Motorist Test Fees. All equipment and labor to establish and maintain the system will be provided by the State, except that the Contractor will be responsible for providing space for one kiosk to operate for every two lanes and one ADA compliant kiosk per facility, Internet connectivity and appropriate computer interface to transfer and exchange test results with the Arizona Motor Vehicle Division computer system, and electrical power. ADEQ will provide 90 days written notice of its intent to implement this system. ADEQ may incrementally implement and stagger implementation of the system. The Contract price(s) provided on the Contract Pricing Schedule, Sections I and II, "Self-Service Kiosk System" column, shall apply.
- 24.7.2 Contractor shall have an automated teller machine (ATM) at each inspection station location until an alternative payment method, in addition to cash or check, is approved by ADEQ and ADEQ authorizes the removal of ATM machines.

25 RESERVED

26 NOTICES

In addition to the Uniform Terms and Conditions, Section 3.5, "Notices", the following shall apply: All notices to ADEQ shall reference the contract identification number and, unless otherwise specified in the Contract, be sent to the following two locations:

Arizona Department of Environmental Quality
Contracts and Procurement Unit
ATTN: Chief Procurement Officer
1110 W. Washington Street
Phoenix, AZ 85007

Arizona Department of Environmental Quality
ATTN: Vehicle Emissions Inspection Program Manager
600 North 40th Street
Phoenix, AZ 85008

27 OFFSHORE PERFORMANCE OF WORK PROHIBITED

Due to security and identity protection concerns, direct services under this contract shall be performed within the borders of the United States. Any services that are described in the specifications or scope of work that directly serves the State of Arizona or its clients and may involve access to secure or sensitive data or personal client data or development or modification of software for the State shall be performed within the borders of the United States. Unless specifically stated otherwise in the specifications, this definition does not apply to indirect or "overhead" services, redundant backup services or services that are incidental to the performance of the contract. This provision applies to work performed by subcontractors at all tiers.

28 OPERATIONAL CHANGES

In the event of an Operational Change, ADEQ will determine if changes to the Contracted price(s) are appropriate to make by using cost and/or price data provided by the Contractor. The Contractor shall submit cost and/or price data taking into account the changes to the Scope of Work, or methods of performance, and/or the changed circumstances. The cost and/or price data shall reflect the costs to perform the service at the current Contractor's Test Fee and the revised costs that support an increase.

29 PAYMENT RECOUPMENT

The Contractor must reimburse the ADEQ upon demand or the ADEQ may deduct from future payments the following:

29.1 Any amounts received by the Contractor from the ADEQ for Contract services which have been inaccurately reported or are found to be unsubstantiated;

29.2 Any amount or benefit paid directly or indirectly to an individual or organization not in

accordance with the "Substantial Interest Disclosure" section of these terms and conditions;

29.3 Any amounts paid by the ADEQ for services which duplicate services covered or reimbursed by other specific grants, contracts, or payments;

29.4 Any amounts received by the Contractor from the ADEQ which are identified as a financial audit exception; and,

29.5 Any amounts paid to the Contractor, which are subsequently determined to be inaccurate, incomplete or not current pursuant to the "Certification of Cost or Pricing Data" section of these Special Terms and Conditions.

30 **PERFORMANCE BOND**

30.1 Contractor shall furnish an irrevocable performance bond in the amount of three million dollars (\$3,000,000) payable to the State of Arizona, binding the Contractor to provide faithful performance of the Contract during the entire term of the Contract and until such time as the Contractor has satisfied its obligation under the Contract. The performance bond shall be provided within ten (10) days of Notice of Award.

30.2 If the Contractor fails to execute and furnish the performance bond, as required, the Contractor may be found in default and the Contract terminated by the State. In the event of default, the State reserves all rights to recover as provided by law and this Contract.

30.3 The Contractor shall advise the ADEQ in writing not later than ten (10) business days prior to the annual expiration date of the Performance Bond whether the Performance Bond will be renewed by the existing surety. In the event that the Performance Bond will not be renewed by the existing surety, the Contractor will cause the new issuer of the Performance Bond to deliver a letter to the ADEQ not later than three (3) business days prior to the expiration of the existing Performance Bond confirming the intention of the new issuer to issue its Performance Bond at the expiration of the existing Performance Bond. If a new Performance Bond is not delivered to the ADEQ prior the expiration of the existing Performance Bond, the ADEQ may withhold from payment to the Contractor any and all amounts thereafter coming due to the Contractor up to the amount of three million dollars (\$3,000,000) as substitute security for Contractor's performance hereunder, such amount withheld by the ADEQ to be held by the ADEQ until the earlier of: (a) an event of default by the Contractor hereunder (in which event the ADEQ may apply such funds to costs, expenses and damages resulting from such default) or (b) the date upon which the Contractor delivers to the ADEQ a new Performance Bond (in which event the funds so withheld shall be delivered to the Contractor).

30.4 All performance bonds must be executed on forms substantially equivalent to the State's Form 302.

31 **PREDECESSOR AND SUCCESSOR CONTRACTS**

The execution or termination of this Contract shall not be considered a waiver by the ADEQ of any rights it may have for damages suffered through a breach of this or a

prior contract with the Contractor.

32 PROHIBITION ON ENGAGING IN CERTAIN BUSINESSES

During the term of this Contract, Contractor shall not engage in the business of manufacturing, selling, maintaining or repairing vehicles. Contractor may maintain or repair vehicles that the Contractor owns. Violation of this section shall constitute a material breach of this Contract.

33 RESERVED

34 RECORDS

34.1 The Contractor shall keep all financial records in a manner consistent with generally accepted accounting principles. Documents to support the Contractor's activities shall be filed in a manner allowing them to be readily located.

34.2 Upon request by the ADEQ or the State Auditor General's Office, the Contractor shall provide reports and documentation concerning the operations and performance of the Contract. The Contractor shall provide the Auditor General of the State of Arizona, ADEQ, or their duly authorized representatives, with access to and the right to examine and audit any documents, papers and records of the Contractor involving this program and any and all transactions related to the Contract. The Contractor shall respond to inquiries regarding record keeping discrepancies within twenty-one (21) days following the inquiry.

35 RECYCLED PAPER

The Contractor shall utilize recycled paper to the fullest extent possible.

36 REPORT DEADLINES

36.1 Unless another deadline is specifically stated in the Scope of Work or the Special Terms and Conditions, the deadline for submission of reports is governed by this section. The Contractor must meet the following deadlines to avoid assessment of liquidated damages. If the deadline falls on a State holiday, the report shall be due the next business day. The "due" date also means date received by ADEQ.

36.2 Daily reports are due no later than 4:00 p.m. on the first business day following the daily reporting period.

36.3 Weekly reports are due no later than Wednesday of the week following the weekly reporting period.

36.4 Monthly reports are due no later than the seventh (7th) business day of the month following the monthly reporting period.

36.5 Quarterly reports are due no later than the seventh (7th) business day of the first

month following the quarterly reporting period. Quarters are as follows:

- 36.5.1 First Quarter - July through September,
- 36.5.2 Second Quarter - October through December,
- 36.5.3 Third Quarter - January through March; and,
- 36.5.4 Fourth Quarter - April through June.
- 36.6 Semi-annual reports are due no later than the seventh (7th) business day of the first month following the six-month reporting period. The first six-month period encompasses the first and second quarters. The second six-month period encompasses the third and fourth quarters.
- 36.7 Annual reports are due no later than thirty (30) business days following June 30th.

37 REPORTING REQUIREMENTS – FINANCIAL

- 37.1 The Contractor shall keep all financial records on an accrual basis in a manner consistent with generally accepted accounting principles. All reports to ADEQ are subject to audit by ADEQ or the Arizona Auditor General.
- 37.2 All funds received by Contractor pursuant to this Contract shall be separately accounted for and financial statements must at least separate the line of business under this Contract from Contractor's other lines of business in the form of additional or supplemental schedules.
- 37.3 The Contractor shall quarterly submit to ADEQ within thirty (30) days after the close of a calendar quarter, a complete set of unaudited financial statements including a balance sheet, a statement of operations, a statement of equity, and a statement of cash flows. Additional schedules, including but not limited to the following, may be required in the quarterly submissions:
 - 37.3.1 The quarterly totals of the information contained in the Monthly Reconciliation Reports filed for the quarter.
 - 37.3.2 A reconciliation of the pre-paid coupon account to a cash basis.
- 37.4 The Contractor shall annually submit to ADEQ audited financial statements prepared by an independent certified public accounting firm selected and paid for by the Contractor. The audit must be conducted according to generally accepted auditing standards (GAAS). The Audit Report, Management Letter and Auditor's Opinion must be submitted to ADEQ within thirty (30) days of issuance by the certified public accounting firm, but no later than 100 days after the Contractor's fiscal year end. The audited financial statements must present the Contractor's line of business under this contract (including assets, liabilities, equity, revenue, expenses, and cash flows) independent of any other lines of business in which the Contractor may be engaged. The Contractor's line of business under this Contract must at least be in the form of supplemental schedules, if they are not separately presented in the financial statements.

- 37.4.1 If a qualified opinion is issued by the independent certified public accounting firm the Contractor shall report, to ADEQ's satisfaction, the impact the qualified opinion will have on the Contractor's ability to perform the Contract and the corrective actions taken. The report on the Contractor's ability to perform and the corrective actions taken shall be provided to ADEQ within thirty (30) days of issuance of the audit report, unless another time period is approved in writing by ADEQ.
- 37.4.2 If any deficiencies in internal controls are reported by the independent certified public accounting firm, the Contractor shall report, satisfactory to ADEQ, the deficiencies reported and the actions taken to correct the deficiencies, within thirty (30) days of issuance of the audit report. If the deficiencies cannot be corrected within thirty (30) days the Contractor shall submit its plan of correction, satisfactory to ADEQ, within thirty (30) days of the issuance of the audit report.
- 37.4.3 The Contractor shall report, satisfactory to ADEQ, on the status of completing its plan(s) of correction for a qualified opinion or deficiencies in internal controls if the corrective actions have not been implemented by the time of the original report(s) to ADEQ. If the corrections indicated in the plan are not made in accordance with the plan or within the time frames specified within the plan, the Contractor shall provide periodic updates on a schedule determined by ADEQ of the status of the corrective actions.
- 37.5 The contractor shall annually submit to ADEQ, at least sixty (60) days prior to the start of a contract year, a cost allocation plan if the Contractor is engaged in one or more lines of business in addition to the line of business under this contract.
- 37.6 The contractor shall annually submit to ADEQ, at the time of submission of the audited financial statements, a substantial interest disclosure statement in the form prescribed by ADEQ.
- 37.7 The contractor shall annually submit to ADEQ at the time of submission of the audited financial statements, the detailed fixed asset ledger for the Contractor's line of business under this Contract. The ledger shall be in an electronic format satisfactory to ADEQ.
- 37.8 The Contractor shall account for all moneys collected. The quarterly and audited annual financial statements or schedules shall identify the amount of Motorist Test Fees collected by the Contractor pursuant to this Contract.
- 37.8.1 Within fifteen (15) days after the end of each month the Contractor shall submit to ADEQ a Monthly Reconciliation Report that includes, but is not limited to, the following data elements: By Area (A and B), by test type, fees collected per test type, number of tests performed by test type, total fees collected by test type and in the aggregate, amount paid by the motorist to the Contractor by test type, payments made by ADEQ to the Contractor, total number of tests performed by test type when fees were not collected, the amount of pre-paid coupon sales received, and the number of coupon tests provided by test type, grand total of fees collected and submitted to ADEQ, and any shortages or overages of funds collected or not collected, and adjustments, if any, from previous months.

- 37.8.2 The Contractor shall submit within one day of making a deposit(s) a Daily Deposit Report that includes, but is not limited to, the following data elements by station location: Total amount that should have been collected (computed by multiplying the number of tests provided times the Motorist Test Fee that should have been paid), actual amount collected and deposited, number of pre-paid coupon tests provided by test type and the amount of overage or shortage and grand totals.
- 37.8.3 When the Contract terminates, the Contractor shall submit to ADEQ a schedule identifying the amount of each Motorist Test Fees collected by the Contractor for the period of operation not previously reported. The schedule shall be submitted within ten (10) business days of the Contract termination.
- 37.8.4 The Monthly Reconciliation Report and Daily Deposit Report shall be electronically submitted to ADEQ in an Excel report format and a paper copy shall also be submitted upon request. The Excel report formats will be developed and submitted to ADEQ for approval before November 2, 2008.

38 REPORTING REQUIREMENTS – NON-FINANCIAL

In addition to the reporting requirements provided by the Scope of Work, the Contractor shall report the following:

Business Enterprise. The Contractor shall report the status of efforts made to commit a portion of its work to subcontractors that are small, women-owned and/or minority owned business enterprises. The report shall include the following data/information elements: The type of service and work, to include administrative or operational support, that is being performed by small, women-owned and/or minority business enterprises; the approximate percentage of contract utilization dedicated; the name of the business enterprise, its address, contact person and phone number; the amount of compensation paid to the business enterprise. The Contractor shall prepare a report format within thirty (30) days of Contract award and submit it to the ADEQ Procurement Officer for approval. The information shall be reported every three months within fifteen (15) days after the end of each quarter.

39 SMALL, WOMEN/MINORITY OWNED BUSINESS UTILIZATION

Contractors are encouraged to make every effort to utilize subcontractors that are small, women-owned and/or minority owned business enterprises. This could include subcontracts for a percentage of deliveries made under any subsequent contract. Contractors who are committing a portion of their work to such subcontractors shall do so by identifying the type of service and work to be performed by providing detail concerning your organization's utilization of small, women-owned and/or minority owned business enterprises. Emphasis should be placed on specific areas that are subcontracted and percentage of contract utilization and how this effort will be administered and managed, including reporting requirements.

40 SUBSTANTIAL INTEREST DISCLOSURE

- 40.1 Contractor shall not make any payments, either directly or indirectly, to any person, partnership, corporation, trust, or any other organization which has a substantial

interest in Contractor's organization or with which Contractor (or one of its directors, officers, owners, trust certificate holders or a relative thereof) has a substantial interest, unless Contractor has made a full written disclosure of the proposed payments, including amounts, to the ADEQ.

- 40.2 Leases or rental agreements or purchase of real or personal property which would be covered by the substantial interest disclosure shall be in writing and accompanied by an independent commercial appraisal of fair market rental, lease, or purchase value, as appropriate.
- 40.3 For the purpose of this Section, "relative", "remote interest", and "substantial interest" shall have the same meaning as A.R.S. § 38-502 except that "remote interest" shall not include "that of a landlord or tenant of the contracting party".

41 **TASK ASSIGNMENTS**

- 41.1 Should ADEQ require additional billable Contractor work, both ADEQ and the Contractor agree that work will be pursuant to a Task Assignment process specified herein. Task Assignments shall be limited to additional work, which ADEQ directs the Contractor to perform, that is within the scope of the Contract but was not specifically itemized. Task Assignments do not include work or materials omitted by the Contractor, which are needed for the successful completion or compliance of the Contract. Examples of such Task Assignments include, but are not limited to, requests to produce new reports, requests to develop and implement new software functionality, transitional activities in the event of Contract termination, and additional public relations work.
- 41.2 Contractor shall not proceed with any work that causes additional cost to ADEQ without written authorization from the ADEQ Procurement Officer.
- 41.3 Contractor shall adhere to the rates established in the Contract Pricing Schedule, including subcontractor personnel. Pricing for Task Assignments will be on a Firm, Fixed Price basis. However, in order not to delay work, Task Assignments may be initially approved by the ADEQ Procurement Officer on a not to exceed basis and a Firm, Fixed Price shall be approved by the ADEQ Procurement Officer at a later date.
- 41.4 ADEQ may prepare an initial Task Assignment Proposal (TAP). In response to a TAP initiated by ADEQ, Contractor shall submit, at no cost to the ADEQ, a Task Assignment Offer (TAO), that is responsive to the TAP, which shall include, but is not limited to, the following: Method of Approach to the tasks in the TAP (including any suggested changes), specific personnel to be assigned to complete work, the number of hours per staff person assigned, needed to complete the TAP, and the cost based upon the Contract Pricing Schedule and the level of effort proposed. Pricing for items not included in the Contract Pricing Schedule shall be supported by three (3) written quotes or another method approved by the ADEQ Procurement Officer.
- 41.5 ADEQ may issue a Task Assignment based on the TAP and the TAO. Task Assignment shall be signed by the Contractor and the ADEQ Chief Procurement Officer for the Task Assignment to be effective.

- 41.6 A Task Assignment shall only be changed pursuant to:
- 41.6.1 A Task Assignment Amendment signed by the ADEQ Procurement Officer and an authorized representative of the Contractor.
- 41.6.2 The Change Order procedure as may be specified in the Task Assignment.
- 41.7 The Contractor shall notify, in writing, the ADEQ Procurement Officer of differing conditions not anticipated in the Task Assignment which may change cost, methodology, or completion time; however, the Contractor's notice does not relieve the Contractor from its obligation to perform in accordance with the Task Assignment. Such written notification shall be made as soon as possible but no later than one (1) business day from discovery. Allowable changes will be authorized by Task Assignment Amendment.
- 41.8 The completion of Task Assignment work shall survive the termination date of the Contract, if authorized by ADEQ, and the Contractor shall continue work in accordance with the Task Assignment.
- 42 **TERMINATION**
- 42.1 When the Contract Term ends or in the event the Contract is terminated with or without cause, the Contractor, whenever determined appropriate by the ADEQ, shall assist the ADEQ in the transition of services to other Contractors or the State. Such assistance and coordination shall include but not be limited to, the forwarding of Contract works, electronic files and other records as may be necessary and to fulfill Task Assignments to assure the smoothest possible transition and continuity of services. The cost of reproducing and forwarding such records and other materials shall be borne by the Contractor. The Contractor must make provisions for continuing all performance under this Contract, to include management/administrative services until the transition of services is complete and all other requirements of this Contract are satisfied.
- 42.2 In the event ADEQ exercises its option under the Uniform Terms and Conditions, Termination For Convenience section, or the law authorizing this Contract is repealed by the Legislature, Contractor shall assign or transfer such of its rights and obligations as ADEQ may direct per the Special Terms and Conditions, "Assignment and Transfer of Contractor's Rights and Interest" section. Contractor shall also receive liquidated damages in accordance with the Special Terms and Conditions, "Liquidated Damages Payable to the Contractor" section.
- 42.3 In the event ADEQ exercises its right to terminate this Contract for any other reason, including, but not limited to, the Termination for Default, Gratuities, and Conflict of Interest Sections of the Uniform Terms and Conditions, Contractor shall, upon request by ADEQ, assign or transfer such of its rights and obligations as ADEQ may direct in accordance with the Special Terms and Conditions, "Assignment and Transfer of Contractor's Rights and Interest" section. However, the Contractor shall not receive liquidated damages under the "Liquidated Damages Payable to the Contractor" section of the Special Terms and Conditions nor shall Contractor have any other claim for damages against the State.

43 **VENUE**

In the event of any judicial proceeding relative to this Contract or any Subcontract, the parties agree that the exclusive venue shall be Maricopa County, Arizona.

44 **VISITATION, INSPECTION AND COPYING**

Contractor's or subcontractor's facilities, books and records pertaining to the Contract shall be available for visitation, inspection and copying by the ADEQ and any other appropriate agent of the ADEQ. If the ADEQ deems it to be an emergency situation, it may at any time visit and inspect the Contractor's or subcontractor's facilities, services and individuals served, as well as inspect and copy Contract-related books and records.

A Definition of Terms. As used in these Instructions, the terms listed below are defined as follows:

1. *"Attachment"* means any item the Solicitation requires an Offeror to submit as part of the Offer.
2. *"Contract"* means the combination of the Solicitation, including the Uniform and Special Instructions to Offerors, the Uniform and Special Terms and Conditions, and the Specifications and Statement or Scope of Work; the Offer and any Best and Final Offers; and any Solicitation Amendments or Contract Amendments.
3. *"Contract Amendment"* means a written document signed by the Procurement Officer that is issued for the purpose of making changes in the Contract.
4. *"Contractor"* means any person who has a Contract with the State.
5. *"Days"* means calendar days unless otherwise specified.
6. *"Exhibit"* means any item labeled as an Exhibit in the Solicitation or placed in the Exhibits section of the Solicitation.
7. *"Offer"* means bid, proposal or quotation.
8. *"Offeror"* means a vendor who responds to a Solicitation.
9. *"Procurement Officer"* means the person, or his or her designee, duly authorized by the State to enter into and administer Contracts and make written determinations with respect to the Contract.
10. *"Solicitation"* means an Invitation for Bids ("IFB"), a Request for Proposals ("RFP"), or a Request for Quotations ("RFQ").
11. *"Solicitation Amendment"* means a written document that is signed by the Procurement Officer and issued for the purpose of making changes to the Solicitation.
12. *"Subcontract"* means any Contract, express or implied, between the Contractor and another party or between a subcontractor and another party delegating or assigning, in whole or in part, the making or furnishing of any material or any service required for the performance of the Contract.
13. *"State"* means the State of Arizona and Department or Agency of the State that executes the Contract.

B. Inquiries

1. **Duty to Examine.** It is the responsibility of each Offeror to examine the entire Solicitation, seek clarification in writing (inquiries), and examine its' Offer for accuracy before submitting the Offer. Lack of care in preparing an Offer shall not be grounds for modifying or withdrawing the Offer after the Offer due date and time, nor shall it give rise to any Contract claim.

2. Solicitation Contact Person. Any inquiry related to a Solicitation, including any requests for or inquiries regarding standards referenced in the Solicitation shall be directed solely to the Solicitation contact person. The Offeror shall not contact or direct inquiries concerning this Solicitation to any other State employee unless the Solicitation specifically identifies a person other than the Solicitation contact person as a contact.
3. Submission of Inquiries. The Procurement Officer or the person identified in the Solicitation as the contact for inquiries except at the Pre-Offer Conference, require that an inquiry be submitted in writing. Any inquiry related to a Solicitation shall refer to the appropriate Solicitation number, page and paragraph. Do not place the Solicitation number on the outside of the envelope containing that inquiry, since it may then be identified as an Offer and not be opened until after the Offer due date and time. The State shall consider the relevancy of the inquiry but is not required to respond in writing.
4. Timeliness. Any inquiry or exception to the solicitation shall be submitted as soon as possible and should be submitted at least seven days before the Offer due date and time for review and determination by the State. Failure to do so may result in the inquiry not being considered for a Solicitation Amendment.
5. No Right to Rely on Verbal Responses. An offeror shall not rely on verbal responses to inquiries. A verbal reply to an inquiry does not constitute a modification of the solicitation.
6. Solicitation Amendments. The Solicitation shall only be modified by a Solicitation Amendment.
7. Pre-Offer Conference. If a pre-Offer conference has been scheduled under this Solicitation, the date, time and location shall appear on the Solicitation cover sheet or elsewhere in the Solicitation. Offerors should raise any questions about the Solicitation or the procurement at that time. An Offeror may not rely on any verbal responses to questions at the conference. Material issues raised at the conference that result in changes to the Solicitation shall be answered solely through a written Solicitation Amendment.
8. Persons With Disabilities. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the Solicitation contact person. Requests shall be made as early as possible to allow time to arrange the accommodation.

C. Offer Preparation

1. Forms: No Facsimile, Telegraphic or Electronic Mail Offers. An Offer shall be submitted either on the forms provided in this Solicitation or their substantial equivalent. Any substitute document for the forms provided in this Solicitation must be legible and contain the same information requested on the forms, unless the solicitation indicates otherwise. A facsimile, telegraphic, mailgram or electronic mail Offer shall be rejected if submitted in response to requests for proposals or invitations for bids.

2. Typed or Ink; Corrections. The Offer shall be typed or in ink. Erasures, interlineations or other modifications in the Offer shall be initialed in ink by the person signing the Offer. Modifications shall not be permitted after Offers have been opened except as otherwise provided under applicable law.
3. Evidence of Intent to be Bound. The Offer and Acceptance form within the Solicitation shall be submitted with the Offer and shall include a signature (or acknowledgement for electronic submissions, when authorized) by a person authorized to sign the Offer. The signature shall signify the Offeror's intent to be bound by the Offer and the terms of the Solicitation and that the information provided is true, accurate and complete. Failure to submit verifiable evidence of an intent to be bound, such as an original signature, shall result in rejection of the Offer.
4. Exceptions to Terms and Conditions. All exceptions included with the Offer shall be submitted in a clearly identified separate section of the Offer in which the Offeror clearly identifies the specific paragraphs of the Solicitation where the exceptions occur. Any exceptions not included in such a section shall be without force and effect in any resulting Contract unless such exception is specifically accepted by the Procurement Officer in a written statement. The Offeror's preprinted or standard terms will not be considered by the State as a part of any resulting Contract.
 - i. Invitation for Bids. An Offer that takes exception to a material requirement of any part of the Solicitation, including terms and conditions, shall be rejected.
 - ii. Request for Proposals. All exceptions that are contained in the Offer may negatively affect the State's proposal evaluation based on the evaluation criteria stated in the Solicitation or result in rejection of the Offer. An offer that takes exception to any material requirement of the solicitation may be rejected.
5. Subcontracts. Offeror shall clearly list any proposed subcontractors and the subcontractor's proposed responsibilities in the Offer.
6. Cost of Offer Preparation. The State will not reimburse any Offeror the cost of responding to a Solicitation.
7. Solicitation Amendments. Each Solicitation Amendment shall be signed with an original signature by the person signing the Offer, and shall be submitted no later than the Offer due date and time. Failure to return a signed copy of a Solicitation Amendment may result in rejection of the Offer.
8. Federal Excise Tax. The State of Arizona is exempt from certain Federal Excise Tax on manufactured goods. Exemption Certificates will be provided by the State.
9. Provision of Tax Identification Numbers. Offerors are required to provide their Arizona Transaction Privilege Tax Number and/or Federal Tax Identification number in the space provided on the Offer and Acceptance Form.
- 9.1 Employee Identification. Offeror agrees to provide an employee identification number or social security number to the Department for the purposes of reporting to appropriate taxing authorities, monies paid by the Department under this contract. If the federal identifier of the offeror is a social security number, this number is being requested solely for tax reporting purposes and will be shared only with appropriate state and federal

officials. This submission is mandatory under 26 U.S.C. § 6041A.

10. Identification of Taxes in Offer. The State of Arizona is subject to all applicable state and local transaction privilege taxes. All applicable taxes shall be included in the pricing offered in the solicitation. At all times, payment of taxes and the determination of applicable taxes are the sole responsibility of the contractor.
11. Disclosure. If the firm, business or person submitting this Offer has been debarred, suspended or otherwise lawfully precluded from participating in any public procurement activity, including being disapproved as a subcontractor with any Federal, state or local government, or if any such preclusion from participation from any public procurement activity is currently pending, the Offeror shall fully explain the circumstances relating to the preclusion or proposed preclusion in the Offer. The Offeror shall include a letter with its Offer setting forth the name and address of the governmental unit, the effective date of this suspension or debarment, the duration of the suspension or debarment, and the relevant circumstances relating to the suspension or debarment. If suspension or debarment is currently pending, a detailed description of all relevant circumstances including the details enumerated above shall be provided.
12. Solicitation Order of Precedence. In the event of a conflict in the provisions of this Solicitation, the following shall prevail in the order set forth below:
 - 12.1 Special Terms and Conditions;
 - 12.2 Uniform Terms and Conditions;
 - 12.3 Statement or Scope of Work;
 - 12.4 Specifications;
 - 12.5 Attachments;
 - 12.6 Exhibits;
 - 12.7 Special Instructions to Offerors;
 - 12.8 Uniform Instructions to Offerors.
 - 12.9 Other documents referenced or included in the Solicitation.
13. Delivery. Unless stated otherwise in the Solicitation, all prices shall be F.O.B. Destination and shall include all freight, delivery and unloading at the destination(s).

D. Submission of Offer

1. Sealed Envelope or Package. Each Offer shall be submitted to the submittal location identified in this Solicitation. Offers should be submitted in a sealed envelope or container. The envelope or container should be clearly identified with name of the Offeror and Solicitation number. The State may open envelopes or containers to identify contents if the envelope or container is not clearly identified.
2. Offer Amendment or Withdrawal. An Offer may not be amended or withdrawn after the Offer due date and time except as otherwise provided under applicable law.
3. Public Record. All Offers submitted and opened are public records and must be retained by the State. Offers shall be open to public inspection after Contract award, except for such Offers deemed to be confidential by the State. If an Offeror believes that information in its Offer should remain confidential, it shall indicate as confidential the

specific information and submit a statement with its Offer detailing the reasons that the information should not be disclosed. Such reasons shall include the specific harm or prejudice which may arise. The State shall determine whether the identified information is confidential pursuant to the Arizona Procurement Code.

4. Non-collusion, Employment, and Services. By signing the Offer and Acceptance Form or other official contract form, the Offeror certifies that:

i. The Offeror did not engage in collusion or other anti-competitive practices in connection with the preparation or submission of its Offer; and

ii. The Offeror does not discriminate against any employee or applicant for employment or person to whom it provides services because of race, color, religion, sex, national origin, or disability, and that it complies with all applicable Federal, state and local laws and executive orders regarding employment.

E. Evaluation

1. Unit Price Prevails. In the case of discrepancy between the unit price or rate and the extension of that unit price or rate, the unit price or rate shall govern.
2. Prompt Payment Discount. Prompt payment discounts of thirty (30) days or more set forth in an Offer shall be deducted from the offer for the purposes of evaluating that price.
3. Late Offers. An Offer submitted after the exact Offer due date and time shall be rejected.
4. Disqualification. A Offeror (including each of its' principals) who is currently debarred, suspended or otherwise lawfully prohibited from any public procurement activity shall have its offer rejected.
5. Offer Acceptance Period. An Offeror submitting an Offer under this Solicitation shall hold its Offer open for the number of days from the Offer due date that is stated in the Solicitation. If the Solicitation does not specifically state a number of days for Offer acceptance, the number of days shall be one hundred-twenty (120). If a Best and Final Offer is requested pursuant to a Request for Proposals, an Offeror shall hold its Offer open for one hundred-twenty (120) days from the Best and Final Offer due date.
- 5.6 Waiver and Rejection Rights. Notwithstanding any other provision of the Solicitation, the State reserves the right to:
 - 5.6.1 Waive any minor informality;
 - 5.6.2 Reject any and all Offers or portions thereof; or
 - 5.6.3 Cancel the Solicitation.

F. Award

1. Number or Types of Awards. The State reserves the right to make multiple awards or to award a Contract by individual line items or alternatives, by group of line items or alternatives, or to make an aggregate award, or regional awards, whichever is most advantageous to the State. If the Procurement Officer determines that an aggregate

award to one Offeror is not in the State's best interest, "all or none" Offers shall be rejected.

2. Contract Inception. An Offer does not constitute a Contract nor does it confer any rights on the Offeror to the award of a Contract. A Contract is not created until the Offer is accepted in writing by the Procurement Officer's signature on the Offer and Acceptance Form. A notice of award or of the intent to award shall not constitute acceptance of the Offer.
3. Effective Date. The effective date of this Contract shall be the date that the Procurement Officer signs the Offer and Acceptance form or other official contract form, unless another date is specifically stated in the Contract.

G. Protests

A protest shall comply with and be resolved according to Arizona Revised Statutes Title 41, Chapter 23, Article 9 and rules adopted thereunder. Protests shall be in writing and be filed with both the Procurement Officer of the purchasing agency and with the State Procurement Administrator. A protest of a Solicitation shall be received by the Procurement Officer before the Offer due date. A protest of a proposed award or of an award shall be filed within ten (10) days after the protester knows or should have known the basis of the protest. A protest shall include:

- 1.1 The name, address and telephone number of the protester;
- 1.2 The signature of the protester or its representative;
- 1.3 Identification of the purchasing agency and the Solicitation or Contract number;
- 1.4 A detailed statement of the legal and factual grounds of the protest including copies of relevant documents; and
- 1.5 The form of relief requested.

H. Comments Welcome

The State Procurement Office periodically reviews the Uniform Instructions to Offerors and welcomes any comments you may have. Please submit your comments to: State Procurement Administrator, State Procurement Office, 100 North 15th Avenue, Suite 104, Phoenix, Arizona, 85007.

1 DEFINITIONS

- 1.1 **“Conditioning Mode”** means as defined by Arizona Revised Statute § 49-541(5).
- 1.2 **“Key Personnel”** means persons whose experience and knowledge is professional in nature as opposed to clerical. Professional work is that which is predominantly intellectual and varied in character (as opposed to routine, manual, mechanical or physical) and involves the consistent exercise of discretion and judgment in the theoretical principles and techniques of a recognized field of science or learning.
- 1.3 **“May”** means something is permissive.
- 1.4 **“Must”** denotes the imperative.
- 1.5 **“Program Manager”** means the Arizona Vehicle Emissions Inspection Program Manager.
- 1.6 **“Shall”** means something is mandatory.
- 1.7 **“Should”** denotes a preference.

2 ELECTRONIC DOCUMENTS

The Solicitation is provided on a compact disc and an UNOFFICIAL copy may also be obtained at the ADEQ website: <http://www.azdeq.gov/function/business/notices.html>. A paper copy is also available, except for Exhibits and Documents, which may be obtained as indicated below in section 3.

3 EXHIBITS AND DOCUMENTS

- 3.1 Exhibits, listed in the Scope of Work and in the “Exhibits” section of this solicitation, may be obtained electronically from the URL as indicated. When a URL is not indicated the Exhibits may be obtained or reviewed in accordance with the following, except that copyright protected Exhibits will not be distributed by ADEQ and must be obtained from the source or as indicated:
- 3.1.1 To receive paper copies send an email request to: recordscenter@azdeq.gov. To obtain an electronic copy: <http://www.azdeq.gov/function/business/notices.html>
- 3.1.2 The email request should include the following information: Person’s name, company name, phone number, fax number, description of what is desired i.e., review documents or copies of documents.
- 3.2 Exhibits 8 and 22 are protected by copyright and are available by sending a request to: Society of Automotive Engineers, 400 Commonwealth Drive, Warrendale, PA, 15096-0001.
- 3.3 The “Document” section of this solicitation includes examples of reports or other documents. These are provided as a guide to assist the Offeror in determining the reports required or other documents that must be submitted by the Contractor.

- 3.4 ADEQ charges a fee of \$.25 per page for all paper copies it distributes.

4 FEDERAL IMMIGRATION AND NATIONALITY ACT

By signing the Offer the Offeror warrants that it and all proposed subcontractors are in compliance with the Federal Immigration and Nationality Act (FINA) and all other Federal Immigration laws and regulations related to the immigration status of its employees. The Offeror shall obtain statements from all proposed subcontractors certifying compliance with this requirement and shall furnish the statements to the Procurement Officer upon request.

5 SUBMISSION OF INQUIRIES

- 5.1 In addition to the "Submission of Inquiries" section of the Uniform Instructions the following shall apply:

- 5.1.1 In order to assist ADEQ in preparing for the Pre-Offer Conference, Offerors are encouraged to submit, in writing, any inquiries, clarifications or suggested changes to this Request for Proposal at least seven (7) days before the Pre-Offer Conference. Inquiries regarding the Solicitation will be received and considered beyond 7 days before the Pre-Offer Conference date, but the contents may not be considered in time to respond during the Pre-Offer Conference. Failure to submit, in writing, by the deadline may prevent the ADEQ from thoroughly responding during the Pre-Offer Conference. This section does not limit or restrict an Offeror from asking questions or clarifying this Solicitation during the Pre-Offer Conference if written questions, clarifications or suggested changes are not submitted. In addition to a paper copy delivered to the "Offer Delivery Location" address listed on page one (1) of the solicitation, an electronic copy, in Microsoft Word format, should be submitted to the following email address: deg1110@cox.net (ADEQ will confirm receipt by email).

6 PRE-OFFER CONFERENCE:

Prospective Offerors are invited and strongly encouraged to attend a Pre-Offer Conference. The conference will be held on March 16, 2007, at 9:30am, Room #250, located in the Arizona Department of Environmental Quality offices at 1110 W. Washington Street, Phoenix, AZ 85007. Parking is located in the garage East of the building or on adjacent streets. Enter the building, go to room #160 (first floor, next to the security desk) and inform the receptionist that you are there for the vehicle emissions testing Pre-Offer Conference and provide the Solicitation number. Special security procedures are in effect for this building and Offerors are encouraged to arrive early in order to timely attend the Pre-Offer Conference. The purpose of this conference will be to discuss and clarify the contents of this RFP.

7 PROPOSAL OPENING

Proposals will be opened at the time and date indicated in this solicitation. Only the name of each Offeror will be publicly read and recorded. Prices will not be read.

8 ESTIMATED QUANTITIES

- 8.1 The State anticipates considerable activity as a result of this solicitation, however, no commitment of any kind is made concerning quantities and the Offeror should take that fact into consideration. The quantities reflected in Exhibit 4 provide historical data for the number and types of tests performed from January 2002 to December 2006.
- 8.2 Due to changes in population (to include density), demographics, vehicle exemptions or additions accurately predicting the number of vehicles requiring inspection in any year has proven to be difficult.
- 8.3 Historical information regarding estimates, quantities, number and types of test may not be a reliable prediction for the future, ADEQ shall be held harmless for any assumptions made by the Offeror regarding the historical information provided by ADEQ or that the Offeror considers in formulating its offer.

9 OFFER ACCEPTANCE PERIOD

This section of the Uniform Instructions is amended by modifying the time an Offeror shall hold its Offer open: six (6) months.

10 RESPONSIBILITY AND SUSCEPTIBILITY

- 10.1 ADEQ will, but is not limited to, considering the following in determining Offeror's responsibility as well as the susceptibility of its proposal. Offerors may not be considered responsible or susceptible if they have been debarred from the practice of their profession that would otherwise be necessary in the provision of goods and services under any resulting contract. Offerors may not be considered responsible if they have had a contract within the last seven (7) years that was terminated for cause, due to breach or similar failure to comply with the terms of any such contract. Offerors may also not be considered responsible based upon their record of performance to include factual evidence of their failure, which may be frequent and reoccurring, to satisfy the terms of their agreements and contractual relationships, with any party. Factual evidence may consist of any documented vendor performance reports, customer complaints and/or negative references. Additional responsibility or susceptibility factors include the Offeror's financial, business, personnel, or other resources, including subcontractors; whether the Offeror is legally qualified to contract with the State; and whether the Offeror promptly supplied all requested information concerning its responsibility.
- 10.2 Additional responsibility or susceptibility criteria may include: The Offer was not sufficient to evaluate in accordance with the factors identified in the Solicitation or other necessary offer components. Necessary components include: an indication of the intent to be bound, reasonable or acceptable approach to perform the Scope of Work, experience, price(s), cost and price data, signed Solicitation amendments, proof of ability to provide performance bond and/or references, and any other data specifically requested in the Solicitation.

- 10.3 Additional responsibility or susceptibility criteria may include: The Offer limits the rights of ADEQ or the State; the Offer materially changes the RFP, which include the Scope of Work, terms and conditions, or the Offeror provides misleading or inaccurate information.

11 DISCUSSIONS

In accordance with A.R.S. § 41-2534, after the initial receipt of proposals, the State may conduct discussions with those Offerors who submit proposals determined to be in the competitive range or reasonably susceptible for award. ADEQ is not required to negotiate, therefore Offers should be submitted complete and on the most favorable terms.

12 FINAL PROPOSAL REVISION

In the event negotiations are conducted with Offerors, the ADEQ will issue a written request for Final Proposal Revision. The request for Final Proposal Revision will inform Offerors, that if they do not submit a Final Proposal Revision, their immediate previous written proposed proposal revision will be considered as their final proposal revision.

13 COMPETITIVE RANGE

If the Procurement Officer determines that the number of Proposals that would otherwise be in the Competitive Range exceeds the number at which an efficient competition can be conducted, the Procurement Officer may limit the number of proposals in the Competitive Range to the greatest number that will permit an efficient competition among the most highly advantageous proposals.

14 EVALUATION

- 14.1 An award will be made to the responsible Offeror whose Offer is determined to be the most advantageous to the State based upon the evaluation factors listed below in relative order of importance with the greatest order of importance listed first. In accordance with A.R.S. § 49-545(F), no additional consideration in the evaluation process will be given on the basis of the Conditioning Mode given in a proposal.
- 14.1.1 Method of Approach (also includes Network Design Information; Training, Retention, and Morale; Sub-Contracting; and, ADEQ Responsibilities and Activities as presented in these Special Instructions to Offerors. An order of importance is not intended or implied for the list that appears within parentheses),
- 14.1.2 Price(s). In order of importance: Test fees weighted by historical 12 month quantities for each test type; the maximum aggregate amount of liquidated damages that may be paid by the State for Contract termination (A.R.S. § 49-545(D)(11)), Hourly Rates (five highest in aggregate),
- 14.1.3 Experience, Expertise and Reliability of Offeror's Organization and Key Personnel; and,
- 14.1.4 Conformity with RFP and Contract Requirements, which includes, but is not limited to Offeror's conformance with Offer submission instructions as specified by the Special

Instructions to Offerors.

15 INCLUSIVE OFFEROR

Offeror(s) are encouraged to make every effort to utilize subcontractors that are small, women-owned and/or minority owned business enterprises. This could include subcontracts for a percentage of the work. Offerors who are committing a portion of their work to such subcontractors shall do so by identifying the type of service and work to be performed by providing detail concerning your organization's utilization of small, women-owned and/or minority business enterprises. Emphasis should be placed on specific areas that are subcontracted and percentage of contract utilization and how this effort will be administered and managed, including reporting requirements.

16 OFFER

The following information should be submitted with each copy of the Offer in the sequential order with the first section listed below on top. The Offeror should submit a table of contents and the Offer should be page numbered. The Offeror should provide all the information requested in the order listed. When preparing a response to a specific section of these Special Instructions or the Scope of Work the Offeror should repeat the numeric section and title reference, if any. Failure to include the requested information may result in a proposal being rejected. One (1) paper original, fifteen (15) paper copies, and two (2) compact discs of the Offer shall be submitted. The original copy of the Offer shall be clearly labeled "**ORIGINAL**". The following is a list of the Offer submission sections:

- Offer and Contract Award Form
- Solicitation Amendments; Signed by Offeror
- Table of Contents
- Exceptions to Terms and Conditions (if any)
- Business and Directory Information
- Debarment Status
- Contract Pricing Schedule
- Cost and Price Data
- Certification Regarding Offeror's Business
- Proof of Ability to Provide Performance Security
- Organization and Staff Charts
- Sub-contracting
- Experience, Expertise and Reliability of Offeror's Organization
- Experience, Expertise and Reliability of Offeror's Key Personnel
- ADEQ Responsibilities and Activities
- Network Design Information
- Training, Retention, and Morale
- Method of Approach
- Offshore Performance of Work

17 OFFER AND CONTRACT AWARD FORM

The Offeror shall complete the top part of the "Offer and Contract Award" form (Attachment 1), do not complete the "Acceptance of offer and Contract Award" section.

18 TABLE OF CONTENTS

The Offeror should submit a Table of Contents that is in the same order as the sections listed below.

19 EXCEPTIONS TO TERMS AND CONDITIONS

In addition to the “Exceptions to the Terms and Conditions” section of the Uniform Instructions, the following shall apply:

- 19.1 Offerors or vendors (the term “vendor” is defined as not yet having submitted an Offer) may propose substitutions or exceptions to the Solicitation. Offerors should carefully consider that substitutions or exceptions may result in rejection of the Offer. Vendors may submit **contemplated** substitutions or exceptions before the Offer due date and vendors are encouraged to submit them, if any, not less than thirty (30) days before the Offer due date. Contemplated substitutions or exceptions will permit the ADEQ to consider them related to the potential impact to the solicitation and determine if a solicitation amendment is necessary. ADEQ may not issue a written determination of acceptance or solicitation amendment of a contemplated exception or substitution prior to the Offer due date; in that event, a potential Offeror must consider that the exception or substitution has not been accepted by ADEQ. The ADEQ is not obligated to negotiate exceptions or substitutions and ADEQ is not obligated to respond to a request to consider substitutions or exceptions prior to the Offer due date.
- 19.2 The vendor or Offeror should list each exception or substitution, if any, by proposing specific word changes in an interlineated format, which has added text underlined and deleted text crossed out. If submitting a contemplated exception or substitution prior to the offer due date it should be submitted electronically, in Microsoft Word format to the following email address: deg1110@cox.net (ADEQ will confirm receipt by email). If submitting an exception or substitution with the Offer it should be submitted in accordance with the “Exceptions to Terms and Conditions” section of the Uniform Instructions to Offerors (section C.4). Exceptions and Substitutions submitted, under the “contemplated” conditions, prior to the Offer due date will only be considered prior to the Offer due date and they will not be considered after the Offer due date unless also submitted with the Offer.
- 19.3 If the Offeror submits an exception or substitution with its Offer, if awarded a contract, and acceptance of the exception or substitution is not acknowledged by ADEQ in the Acceptance of Offer and Contract Award notice the Contractor will be bound to perform the Contract without the exception or substitution being in effect. No substitution or exception submitted with an Offer is binding upon ADEQ until the ADEQ acknowledges acceptance of the exception or substitution in writing.
- 19.4 The Uniform Instructions to Offerors, “Exceptions to Terms and Conditions” section C.4, the following sentence is deleted: “Any exceptions not included in such a section shall be without force and effect in any resulting Contract unless such exception is specifically accepted by the Procurement Officer in a written statement.”

20 BUSINESS AND DIRECTORY INFORMATION

The Offeror should complete and submit the Business and Directory Information form, Attachment 2. The form is self-explanatory, no instructions are provided.

21 DEBARMENT STATUS

The Offeror should provide a statement in accordance with the “Disclosure” section of the Uniform Instructions that the Offeror has not been debarred or otherwise precluded, or submit the information specified.

22 CONTRACT PRICING SCHEDULE

22.1 The Offeror should complete and submit the Contract Pricing Schedule (Attachment 3) in accordance with the following:

22.1.1 Part I: Enter the amount of the Contractor’s Test Fee that the Contractor will be paid for each qualified test provided. The OBD test amount must be the same in both Area A and B. The ADEQ may, after offers are received, require the Offeror to submit Cost and or Pricing Data that support the Contractor’s Test Fees.

22.1.2 Part II: Enter the maximum amount of liquidated damages the Contractor may be paid for each year (pursuant to the Special Terms and Conditions, section 22, “Liquidated Damages Payable to the Contractor”). Level I is the amount if there is **no** reasonable compensation paid to the Contractor because the State does not acquire the Contractor’s assets, and Level II is the amount if reasonable compensation **is** paid to the Contractor for the State’s acquisition of assets. To be eligible for the payment of liquidated damages the Offeror must submit financial information in accordance with the “Cost or Pricing Data” section of these Special Instructions. Liquidated damages shall be supported by the cost or pricing data submitted. Enter the “Grand Totals” amount by totaling all the entries in each column.

22.1.3 Arizona Revised Statutes (law) do not currently permit motorists to use credit or debit cards to pay Motorists Test Fees. ADEQ anticipates seeking a change to this law and possibly establishing a payment receipt system that will relieve the Contractor from collecting all types of payment from the motorist. The ADEQ is considering a self-service kiosk system to receive payment. Therefore, the Offeror should submit alternate prices for Contractor’s Test Fees if this system in which the Contractor will not have to handle any type of motorist payment (i.e., cash, checks, credit cards) is implemented. The Offeror should consider in its price that space (approximately 2ft X 2ft, or for ADA compliance 2ft X 6ft), power and connectivity would need to be provided by the Contractor for kiosks to be located inside each inspection facility. One kiosk would be required for every two lanes in operation and one ADA compliant kiosk would also be required at every facility location. The Offeror should provide its alternate prices based upon the assumption the motorist self-service kiosk system will be implemented by providing prices in the “Self-Service Kiosk System” column(s), sections I and II of the Contract Pricing Schedule. All of the provisions of the previous two sub-sections apply when responding to this section.

22.1.4 Part III: The Offeror should list all Key Personnel and other position classes that may perform Task Assignments. Enter the Hourly Rate for each Job Title listed; this is the rate the ADEQ will pay the Contractor for an authorized Task Assignment. If any work will be performed by a subcontractor the Offeror should designate this by first entering “subcontractor” in the “Job Title” section. The Offeror must list a minimum of five (5) different Job Titles and corresponding Hourly Rate.

23 COST OR PRICING DATA

The Offeror should submit cost and/or pricing data which provides the basis for how liquidated damages were derived, in support of the maximum amounts listed on part “II” of the “Contract Pricing Schedule”, to be eligible to receive payment pursuant to the “Liquidated Damages Payable to the Contractor” section of the Special Terms and Conditions (the Offeror is advised to read and shall follow the “Liquidated Damages Payable to the Contractor” and the “Certification of Cost or Pricing Data” sections of the Special Terms and Condition). The cost and pricing data and any other information should be sufficiently clear to enable ADEQ to determine how the Liquidated Damages were derived (including assumptions and methodologies), be in sufficient detail (categories of cost) and presented in such a manner that allows for meaningful analysis by ADEQ. The cost and pricing data should include (as appropriate), and be consistent with the number of tests included in the “Network Design Information” portion of the Offer and in proforma financial statements included in the “Experience, Expertise and Reliability of Offeror’s Organization” portion of the Offer. Costs, when appropriate, shall be independently verifiable and be from publicly available sources and identify the source of the data used. Separate amounts of liquidated damages should be presented for each year of the Contract. The Offeror should provide the data for each year of liquidated damages. The Offeror shall keep all cost and pricing data current until negotiations, if any, are concluded.

24 CERTIFICATION REGARDING OFFEROR’S BUSINESS

The Offeror shall certify that they and any inspection facility inspection location are not engaged in the business of manufacturing, selling, maintaining or repairing vehicles except as allowed by A.R.S. § 49-545(B).

25 PROOF OF ABILITY TO PROVIDE PERFORMANCE SECURITY

The Offeror should provide proof of a binding agreement that the Offeror, if awarded the Contract, will be able to provide the Performance Bond, such as a letter of intent from a surety.

26 ORGANIZATION AND STAFF CHARTS

26.1 The Offeror should submit a company organization chart; show and describe any subsidiary, parent company relationship.

26.2 The Offeror should provide a staff organization chart identifying the number and type of Key Personnel and lines of authority. If any Key Personnel will perform in more than one position classification, provide the percent of time dedicated to each position classification.

26.3 The Offeror should submit a staff organization chart, identifying the number and type of staff that are not Key Personnel and lines of authority, except if any non-key personnel report to Key Personnel, the chart should identify those Key Personnel.

26.4 The Offeror may combine the Key Personnel and all other staff into one organization chart provided the Key Personnel and other staff are clearly labeled and identified. All of the Contractor’s staff and any sub-contractor’s staff that will be responsible for

performing administrative support or performing in any Contract capacity are to be included and listed on the organization chart(s).

27 SUB-CONTRACTING

The Offeror should indicate if any sub-contractors will be used to perform the Scope of Work; list the sub-contractor's name and the type of the service to be provided and the amount of time or effort (should be specified by a "%") of the total Contract performance. The Offeror should include in its response information related to the "Inclusive Offeror" section of these Special Instructions. If sub-contractors will be used to perform any portion of the Contract Scope of Work, the Offeror should describe the quality assurance measures that the Contractor will use to monitor the sub-contractor's performance. ADEQ reserves the right to request any additional information deemed necessary about any proposed subcontractors.

28 EXPERIENCE, EXPERTISE AND RELIABILITY OF OFFEROR'S ORGANIZATION

The Offeror's response to this section should be related to the company and not Key Personnel.

28.1 A.R.S. § 49-545(B) provides that ADEQ may not enter into a Contract with a Contractor that does not have the capability, resources or technical and management skill to adequately construct, equip, operate and maintain a sufficient number of official emissions inspection stations to meet the demand for inspection of every vehicle which is required to be submitted for inspection pursuant to Arizona Revised Statute Title 49, Chapter 3, Article 5.

28.2 The Offeror should demonstrate, in their proposal, that the Offeror's firm has experience designing and running a centralized, enhanced loaded dynamometer emissions test program that served four hundred thousand (400,000) or more vehicles per year.

28.2.1 The Offeror should provide a narrative (not to exceed two (2) pages) reflecting why its company would be best able to perform as provided in the previous two (2) subsections. The number of years of experience should be provided.

28.3 The Offeror should submit information documenting successful and reliable experience in past performances, including but not limited to (this information may provide more specific detail than provided in the two page narrative (above) and is distinct from the experience, expertise and reliability of the firm's Key Personnel):

28.3.1 Information detailing experience running a centralized, enhanced transient loaded emissions test program experience/knowledge in the fields of: I/M network design, station design, process design, system design, equipment, operating logistics, software, architecture, and other relevant fields.

28.3.2 A list of ALL of the Offeror's firms, clients, current and for the past seven (7) years, for which the Offeror provided vehicle emissions inspection services. Include date and duration of contract, contact name, phone number, address, and a brief description (not more than 1/3 page) of the contract scope including the number of vehicles inspected annually. The ADEQ may contact any of the clients listed or known to have a previous business relationship with the Offeror for the purpose of obtaining references and, if necessary, the Offeror shall sign a release to permit ADEQ to obtain information.

- 28.3.3 A description of any performance deficiencies, notices to cure, failure to perform, termination for cause or default within the past seven (7) years. The information for this section is to be provided for the Offeror as currently constituted; any predecessor companies (including any companies the Offeror has acquired); any parent, subsidiary or other affiliated companies. The ADEQ may contact any entity listed for the purpose of obtaining references relative to past performances and, if necessary, the Offeror shall sign a release to obtain information.
- 28.3.4 The Dun and Bradstreet rating or any other credit rating agency.
- 28.3.5 A description of the financial capability of implementing and performing the Contract, resources, and lines of credit that the Offeror has designated solely for performance of this Contract. The Offeror, if awarded a Contract, will be required to make substantial expenditures during the Implementation Phase, which will not begin to be recovered until the Operational Phase of the Contract. The Offeror should provide financial information, which shows adequate financial resources to perform the Implementation Phase of the Contract.
- 28.3.6 The status of any threatened, anticipated, or currently active litigation to which the Offeror is a party.
- 28.3.7 A copy of the two (2) most recent audits and "Management Letter and Auditor's Opinion" (letter) from external auditors that was prepared in conjunction with the annual audits. If the audit or letter identifies any findings or concerns, include a brief description of any corrective action(s) taken to resolve them. The "Management Letter and Auditor's Opinion" is **not** the auditor's cover letter; it is the auditor's letter to the agency management that describes any audit findings and recommendations.
- 28.3.8 If the offer has filed for bankruptcy in the last seven (7) years, provide the date and disposition.
- 28.3.9 Provide proforma sets of Offeror's financial statements (including a balance sheet, a statement of operations, a statement of equity, and a statement of cash flows) as of the end of the implementation phase and as of the end of the first full year of the operations phase for the line of business described in this solicitation.
- 28.3.10 Provide a Substantial Interest Disclosure statement for the reporting periods of the proforma statements (Substantial Interest shall have the same definition as used in Special Terms and Conditions, "Substantial Interest Disclosure" section). For the purpose of this disclosure, payments (including loans or other instruments of indebtedness) to and from any person or entity with a substantial interest in the Offeror's organization or in which the Offeror has a substantial interest, shall be disclosed.
- 29 EXPERIENCE, EXPERTISE AND RELIABILITY OF OFFEROR'S KEY PERSONNEL**
- 29.1 The Offeror should include and demonstrate in its response the following for each Key Personnel Position:
- 29.2 Key Personnel should have, as appropriate for the position, experience designing,

running, providing or managing vehicle emissions inspection program services to include experience designing and/or running a centralized, enhanced transient loaded emissions testing program. The information should document past experience relative to the Scope of Work. Provide information detailing the above experience/knowledge in the fields of: I/M network design, station design, process design, system design, equipment, operating logistics, software, architecture, and/or other relevant fields.

- 29.3 Specify each individual's availability for this Contract, other commitments he or she has and the percentage of time per week that Key Personnel will spend working on the Contract.
- 29.4 Provide similar information for any proposed subcontractors.
- 29.5 Identify the dates by which the positions will be filled, for Implementation Phase and Operational Phase Managers,
- 29.6 If a person will perform in more than one position capacity, provide the percent of time for each.
- 29.7 Résumés for Key Personnel including but not limited to: information detailing, previous employment, professional qualifications, technical education and training, general or special experience, certifications, licenses and memberships in professional associations, societies, or boards, and a chronology and description of previous work assignments similar in scope and as may be related to this RFP. Resumes should be limited to two (2) pages.
- 29.8 Identify back-ups for Key Personnel and plans to limit the impact on the program of Key Personnel who leave employment at your firm.
- 29.9 Offer should state the following, in order: Job title, person's name, and provide the information listed above for each Key Personnel. If a person is not identified, provide a job description and the plan for filling the position to include the date or time frame.
 - 29.9.1 Identify the individual who would have direct responsibility and control over the Contract. The person listed in this section is the highest level of authority responsible for the Contract.
 - 29.9.2 Identify the individual who will manage the project/Contract on a day-to-day basis.
 - 29.9.3 Implementation Phase Project Manager,
 - 29.9.4 Implementation Phase Equipment & Instrumentation Design, Construction, Assembly & Installation Manager,
 - 29.9.5 Implementation Phase Software Development Manager,
 - 29.9.6 Implementation Phase Property Acquisition Manager; and
 - 29.9.7 Implementation Phase Training Manager(s).
 - 29.9.8 Operational Phase Arizona Program Manager,

- 29.9.9 Operational Phase Phoenix Area Manager(s),
- 29.9.10 Operational Phase Tucson Area Manager(s),
- 29.9.11 Operational Phase Maintenance & QC Manager,
- 29.9.12 Operational Phase Quality Assurance Manager,
- 29.9.13 Operational Phase Office Manager,
- 29.9.14 Operational Phase Information & Technology Manager; and,
- 29.9.15 Operational Phase Training Manager(s).

30 ADEQ RESPONSIBILITIES AND ACTIVITIES

The ADEQ is soliciting for the Contractor to provide a complete solution to include, but not limited to, all of the equipment, staff, labor, resources and materials needed to provide the service. However, there may be activities or responsibilities the Offeror believes are necessary for the ADEQ to perform. Offeror should clearly label a separate section titled "ADEQ Responsibilities and Activities" and describe or list any activities or responsibilities that it believes ADEQ should perform or provide. The ADEQ is soliciting for a vendor to provide a total solution so the Offeror should consider this when contemplating this section. The extent to which the Offeror lists ADEQ Responsibilities and Activities which are not consistent with a total solution, may negatively affect Offer evaluation. No ADEQ Responsibilities and Activities submitted by the Offeror are binding upon ADEQ until ADEQ acknowledges written acceptance. The Offeror understands that the ADEQ will not consider this section until after Offers are received and that the Offeror, if awarded a Contract, shall be prepared to perform the Contract without ADEQ being obligated to any of the Responsibilities and Activities listed in this section.

31 NETWORK DESIGN INFORMATION

Adequate network design is key to the successful implementation of the Scope of Work. The following should be addressed and submitted by the Offeror:

- 31.1 **Individual Station Summary** – For each proposed facility test site, a summary document not to exceed five (5) pages containing at least the following information:
 - 31.1.1 Proposed Location – Include the proposed location of the facility (at minimum approximate cross streets and zip code), the status of acquisition of the proposed site (identified, optioned, contracted, leased, owned), a projected "on line" date and a summary of the basis or assumptions used for determining the location.
 - 31.1.2 Size and Configuration – Include by year of the contract the following information: number and type of lanes (e.g., heavy duty diesel, OBD only, full service lanes); number of vehicles to be tested for each test fee category in terms of Paid tests and Retests; average test time for each test fee category; available lane hours by lane type; average hourly lane throughput by lane type; and average hourly station throughput.

- 31.1.3 Convenience – Include a description of the proposed facility's access to major highways and freeways, the capacity to add more lanes and any other information relating to the convenience of the proposed facility.
- 31.1.4 Challenges – Include potential challenges related to this proposed site.
- 31.1.5 Assumptions and Projections – Summarize the assumptions and projections used to determine the proposed network design, facility location and size, including but not limited to: data sources; population; vehicle density; major transportation corridors; areas of concentrated employment; major residential communities; convenient service to motorist to include stations in areas not currently deemed high density, but which are high growth; and, number of vehicles to be tested for each test fee category in terms of Paid tests and Retests.
- 31.2 **Summary of All Individual Facilities** – Summarize on an Excel spreadsheet listing all proposed facilities and for each proposed facility for each year: number and type of lanes (e.g., heavy duty diesel, OBD only, full service lanes); number and type of lanes that may be added after commencement of operations; number of vehicles to be tested for each test fee category broken down by Paid tests and Retests; average test time for each test fee category; available lane hours by lane type; average hourly lane throughput; average hourly facility throughput.
- 31.3 **Map(s)** – A map or series of maps for each network displaying the locations of each testing facility and any other information the Offeror decides is appropriate.
- 31.4 **Network Overview** – A summary, not to exceed five (5) pages for each of service area A and B explaining why the proposed networks will be adequate to meet demand including, but not limited to:
- 31.4.1 Network Configuration – Description of the size and configuration of each network (by year) including: number of testing facilities; number and type of lanes (e.g., heavy duty diesel, OBD only, full service lanes); number of vehicles to be tested for each test fee category in terms of Paid tests and Retests; average test time for each test fee category; available lane hours by lane type; average hourly lane throughput; average hourly facility throughput.
- 31.4.2 Network Design Philosophy – Statement of the basis and or the assumptions used for determining the design of the network.
- 31.4.3 Expansion Plans – Plans for expansion, within the geographic areas specified by ARS § 49-541, of the network during the term of the contract.
- 31.4.4 Challenges – Statement related to potential challenges related to the network.
- 31.4.5 Assumptions and Projections – Assumptions and projections used to size the network, including but not limited to: data sources, assumptions, projections and calculations for the term of the contract for: population; vehicle density; number of vehicles to be tested for each test fee category in terms of Paid tests and Retests.

- 31.5 **Summary of Each Network** – Summarize on an Excel spreadsheet by Service Area A and B for each year: number and type of lanes (e.g., heavy duty diesel, OBD only, full service lanes); number of vehicles to be tested for each test fee category broken down by Paid tests and Retests.
- 31.6 **Equipment** - Provide a list of the equipment that will be used for each type of test lane i.e., OBD, diesel, etc. The effect of equipment failures and maintenance on inspections must be minimized. The Offeror should discuss how it will use maintenance, equipment, redundant systems, modular systems, or other techniques designed to minimize equipment failure and keep the site performing at optimum capacity, meet inspection demand and satisfy wait-time standards.
- 31.7 **Software** - To the extent Offeror proposes to use proprietary or custom software for any portion of Contract performance, the Offeror should discuss the approach it will use to maintain the software and make the software and any software manuals and documented code available to ADEQ during the Contract and upon Contract termination.
- 31.8 **Americans With Disabilities Act** - The Offeror should explain how inspection stations will comply with the Americans with Disabilities Act and be made accessible to persons with disabilities.
- 32 **TRAINING, RETENTION, AND MORALE**
A well-trained and experienced staff is critical to the on-going successful performance of the Scope of Work. The Offeror should describe staff training and certification programs that will be used during the Contract. The Offeror should submit its plans or policies, that include compensation and opportunities for advancement, that will be used to facilitate or maintain staff (line, supervisory and management) retention and morale.
- 33 **METHOD OF APPROACH**
- 33.1 The Offeror should submit a Method of Approach to the **Scope of Work** as specified in this section.
- 33.2 The Method of Approach should respond to the entire Scope of Work beginning with Section 2, "I/M PROGRAM REQUIREMENTS".
- 33.3 For each section of the Scope of Work, the Offeror should provide a Method of Approach (response). The Offeror's response should start by **REPEATING** (retyping) the section reference number (e.g., 2.2), section/subsection heading (if there is one) from the Scope of Work. Some sections of the Scope of Work may not be applicable to both the Implementation and Operational Phases; therefore, the Offer should distinguish these phases where appropriate. While it may not be possible to provide a response other than acknowledging the requirement of the Scope of Work, such acknowledgment should be indicated within the Method of Approach.
- 33.4 When providing the Method of Approach to SOW by section number consider that the SOW section may have been addressed in a previous SOW section or pursuant to these Special Instructions, e.g., Key Personnel, Network Design Information. If the SOW section has previously been addressed, so indicate, and provide the Offer section

reference number. The Offeror should not repeat the same information in multiple sections of its Offer.

33.5 The verbiage for the Method of Approach should be descriptive, factual, provide solutions to problems, and plans of proposed action. The usage of technical language should be minimized and used only to describe a technical process.

33.6 The Method of Approach should include a chronology; provide a detailed schedule of tasks and subtasks to be accomplished and continuing until the task and/or subtasks are completed, and provide start and end dates or time periods for tasks and subtasks as appropriate for performance.

34 **OFFSHORE PERFORMANCE OF WORK**

Due to security and identity protection concerns, direct services under this contract shall be performed within the borders of the United States. Any services that are described in the specifications or scope of work that directly serve the State of Arizona or its clients and may involve access to secure or sensitive data or personal client data or development or modification of software for the State shall be performed within the borders of the United States. Unless specifically stated otherwise in the specifications, this definition does not apply to indirect or "overhead" services, redundant backup services or services that are incidental to the performance of the contract. This provision applies to work performed by subcontractor at all tiers. Offerors shall declare all anticipated offshore services in the proposal or indicate that none will be provided.

35 **CLARIFICATION**

In response to the discussion during the Pre-Proposal Conference on 3-16-07, regarding multiple awards, as to whether offering a partial solution to the Scope of Work is acceptable, the following additional guidance is provided. A partial solution will only be considered by ADEQ if a complete solution has been offered. Any offer that deviates from the terms and conditions listed below must be clearly marked an "Alternative Offer". ADEQ is not obligated to accept an Alternative Offer and any Alternative may only be accepted if advantageous to ADEQ. The following sections should be carefully reviewed: Scope of Work sections 1.1; 1.1.1; 2.1.2; Uniform Instructions to Offerors section F.1; Special Instructions to Offerors section 30.



**ATTACHMENT 1
OFFER AND CONTRACT AWARD
ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY**

**EV07-0027
Amendment #1**

TO: THE STATE OF ARIZONA

The undersigned hereby offers and agrees to furnish the material, service or construction in compliance with all terms, conditions, specifications and amendments in the Solicitation.

PROMPT PAYMENT DISCOUNT:

The price(s) quoted herein can be discounted by: _____%, if payment is made within _____ days.

Arizona Transaction (Sales) Privilege

Tax License No.: _____

Federal Employer Identification No.:

_____ - _____ - _____

Company Name

Address

City State Zip

For clarification of this offer, contact:

Name: _____

Phone: _____

Signature of Person Authorized to Sign Offer

Printed Name

Title

Small business certification: Vendor is ___/is not ___ a small business (less than 100 employees ___ or has gross revenues of \$4 million or less ___)
Minority/Woman Owned Enterprise Certification (ME/WBE): Vendor is ___/ is not ___ a Minority Business Enterprise or Woman Business

**ACCEPTANCE OF OFFER AND CONTRACT AWARD
(FOR STATE OF ARIZONA USE ONLY)**

Your offer is hereby accepted.

The Contractor is now bound to sell the materials, services, or construction listed by the attached award notice based upon the solicitation, including all terms, conditions, specifications, amendments, etc., and the Contractor's offer is accepted by the State.

This contract shall henceforth be referred to as Contract No.: EV07-0027.

The contractor is hereby cautioned not to commence any billable work or provide any material, service or construction under this contract until Contractor receives an executed purchase order or contract release document.

State of Arizona

Awarded this _____ day of _____, 2007

Sandra L. Sutton
Chief Procurement Officer



ATTACHMENT 2
BUSINESS AND DIRECTORY INFORMATION
ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY **EV07-0027**
Amendment #1

(a)	Business Headquarters (include Name, Address, Telephone and Facsimile)
(b)	If a Division or Subsidiary of another organization provide the name and address of the parent
(c)	Billing Address
(d)	Name of Chief Executive Officer
(e)	Company Contact (include Name, Title, Address, Telephone, Toll-Free Number, Facsimile and E-mail)
(f)	Company Web Site
(g)	Type of Organization (i.e., Sole Proprietor, Corporation, Partnership, etc. -- should be the same as on the Taxpayer ID form)
(h)	Length of Time in Business
(i)	Annual Sales/Revenues (for most recently completed Fiscal Year)
(j)	Number of Full-Time Employees (average from most recent Fiscal Year)
(k)	Type of and description of business
(l)	State of incorporation, state of formation or state of organization
(m)	Identify and specify the administrative office location(s) and telephone numbers of the major offices and other facilities that relate to the Vendor's performance under the terms of this RFP (these are in addition section "a" of this form).
(n)	Identify the Vendor's accounting firm

**ATTACHMENT 3
CONTRACT PRICING SCHEDULE
PAGE 1 OF 2
ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY**

**EV07-0027
Amendment #1**

I. Contractor's Test Fee for each Area and each Test Type.

Contractor's Test Fee Area A Test Type per Vehicle		Self-Service Kiosk System
Idle	\$	\$
Steady State Loaded/Idle	\$	\$
Transient (IM147)	\$	\$
Diesel - light duty	\$	\$
Diesel - heavy duty	\$	\$
OBD *	\$ *	\$ *
Bi-Fuel - Steady State Loaded/Idle	\$	\$
Bi-Fuel - Transient (IM147)	\$	\$

Contractor's Test Fee Area B Test Type per Vehicle		Self-Service Kiosk System
Idle	\$	\$
Steady State Loaded/Idle	\$	\$
Diesel - light duty	\$	\$
Diesel - heavy duty	\$	\$
OBD *	\$ *	\$ *
Bi-Fuel - Steady State Loaded/Idle	\$	\$

* OBD test fees shall be the same amount for both Areas.

II. Liquidated Damages Payable to the Contractor in accordance with the Special Terms and Conditions.

Contract Year Time Period	Maximum Amount of Liquidated Damages		Self-Service Kiosk System Maximum Amount of Liquidated Damages	
	Level I	Level II	Level I	Level II
July 1, 2007 - June 30, 2008	\$	\$	\$	\$
July 1, 2008 - June 30, 2009	\$	\$	\$	\$
July 1, 2009 - June 30, 2010	\$	\$	\$	\$
July 1, 2010 - June 30, 2011	\$	\$	\$	\$
July 1, 2011 - June 30, 2012	\$	\$	\$	\$
July 1, 2012 - June 30, 2013	\$	\$	\$	\$
July 1, 2013 - June 30, 2014	\$	\$	\$	\$
GRAND TOTALS	\$	\$	\$	\$

EV07-0027
Amendment #1

[illegible]

- Exhibit 1 Arizona Revised Statutes (A.R.S.) § 49-541 et seq.
<http://www.keytlaw.com/az/ars/arstyle49.htm>
- Exhibit 2 Arizona Administrative Code (AAC) R18-2-1000 et seq.
http://azsos.gov/public_services/Title_18/18-02.htm
- Exhibit 3 40 Code of Federal Regulations (CFR) Part 51, Subpart S (51.350 et seq.)
http://www.access.gpo.gov/nara/cfr/waisidx_05/40cfr51_05.html
- Exhibit 4 Workload 2002-2006
(JEMISSIONS CONTRACT 2009\EXHIBITS\4\Workload 2002-2006.xls)
- Exhibit 5 Arizona Revised Statutes (A.R.S.) §1-301
<http://www.keytlaw.com/az/ars/arstyle01.htm>
- Exhibit 6 "Failure Rate Analyses and Development of Fast-Pass, Retest, and CPP Algorithms for IM147 Max CO Cutpoints", SR00-03-01
(JEMISSIONS CONTRACT 2009\EXHIBITS\6\SR000301-IM147 Failure Rate Analysis.pdf)
- Exhibit 7 IM240 & Evap Technical Guidance, EPA420-R-00-007, April 2000
<http://www.epa.gov/otaq/regs/im/r00007.pdf>
- Exhibit 8 Society of Automotive Engineers (SAE), Recommended Practice J1667
http://www.sae.org/servlets/productDetail?PROD_TYP=STD&PROD_CD=J1667_199602 – Purchase
and ADEQ's J1667 Test Modifications
- Exhibit 9 Tampering Inspection Requirements
(JEMISSIONS CONTRACT 2009\EXHIBITS\9\Tampering Inspection Requirements.pdf)
- Exhibit 10 VEI Testing Guidance
(JEMISSIONS CONTRACT 2009\EXHIBITS\10\VEI GUIDANCE*.*)
- Exhibit 11 Random Sample
(JEMISSIONS CONTRACT 2009\EXHIBITS\11\Random Sample Description.doc)
- Exhibit 12 Catalyst Replacement Task Description
(JEMISSIONS CONTRACT 2009\EXHIBITS\12\Catalyst Replacement Task Discription.doc)
- Exhibit 13 Important Information Handout
(JEMISSIONS CONTRACT 2009\EXHIBITS\13\Important Information Handout.pdf)
- Exhibit 14 First Failure Handout
(JEMISSIONS CONTRACT 2009\EXHIBITS\14\First Failure Handout.pdf)

- Exhibit 15 Retest Failure Handout
(J\EMISSIONS CONTRACT 2009\EXHIBITS\15\Retest Failure Handout.pdf)
- Exhibit 16 Fleet Emissions Reduction Report
(J\EMISSIONS CONTRACT 2009\EXHIBITS\16\Fleet Emissions Report.doc)
- Exhibit 17 I/M Report Examples
(J\EMISSIONS CONTRACT 2009\EXHIBITS\17*.*)
- Exhibit 18 Data Warehouse Specifications
(J\EMISSIONS CONTRACT 2009\EXHIBITS\18\VEI Data Warehouse.doc)
- Exhibit 19 Performing Onboard Diagnostic System Checks as Part of a Vehicle
Inspection and Maintenance Program
<http://www.epa.gov/oms/regs/im/obd/r01015.pdf>
- Exhibit 20 BAR-97 Revised Emission Inspection System Specifications
http://www.smogcheck.ca.gov/stdPage.asp?Menu=/includes/Menu_GenInfo.htm&Body=/Geninfo/OtherInfo/BAR97_Specifications.htm
- Exhibit 21 40 Code of Federal Regulations (CFR) Part 85, Subpart W (85.2201 et seq.)
http://www.access.gpo.gov/nara/cfr/waisidx_05/40cfr85_05.html
- Exhibit 22 Society of Automotive Engineers (SAE), Recommended Practice J35
http://www.sae.org/servlets/productDetail?PROD_TYP=STD&PROD_CD=J35_200210 – Purchase
- Exhibit 23 Program Informational Brochure (MVD Mailer) Phoenix and Tucson
(Examples)
<http://www.azdeq.gov/environ/air/vei/download/phoenixm.pdf>
<http://www.azdeq.gov/environ/air/vei/download/tucsonm.pdf>

DOCUMENT
PERFORMANCE AND PAYMENT BOND
ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

EV07-0027
Amendment #1

1. Performance & Payment Bond

Contractor shall furnish an irrevocable security in the amount of \$3,000,000 payable to the State of Arizona, binding the contractor to provide faithful performance of the Contract. Performance security shall be in the form of a performance bond. The security must be in the possession of the State within ten (10) calendar days from receipt of Notice of Award. If the contractor fails to execute the security document, as required, the contractor may be found in default and Contract terminated by the State. In case of default, the State reserves all rights to recover as provided by law. All performance bonds must be executed on forms substantially equivalent to the form included herein.

1.1. Performance & Payment Bond Sample

Supplier Name: _____

KNOW ALL PERSONS BY THESE PRESENTS:

THAT, _____ (hereinafter called Principal), as Principal, and _____, a corporation organized and existing under the laws of the State of _____ with its principal office in the city of _____ (hereinafter called the Surety), as Surety, are held and firmly bound unto the State of Arizona, (hereinafter called Obligee) in the amount of Three Million Dollars (\$3,000,000), for the payment whereof, the said Principal and Surety bind themselves and their heirs, administrators, executors, successor assigns, jointly and severally firmly by these presents. WHEREAS, the Principal has entered into a certain written contract with the Obligee, dated the _____ day of _____, for the material, service or construction described as:

Arizona Vehicle Emissions Inspection Program

Which contract is hereby referred to and made a part hereof as fully and to the same extent as if copied at length herein.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH, that if the said Principal shall faithfully perform and fulfill all the undertakings, covenants, terms, conditions and agreements of said contract and shall promptly pay all persons supplying labor or material to the Principal for use in the prosecution of the work during the original term of said contract and any extension thereof, with or without notice to the Surety and during the life of any guaranty required under the contract, and shall also perform and promptly pay all persons supplying labor or material to the Principal for use in the prosecution of the work and fulfill all the undertakings, covenants, terms, conditions, and agreements of any and all duly authorized modifications of said contract that may hereafter be made, notice of which modifications to the Surety being hereby waived; then the above obligations shall be void, otherwise to remain in full force and effect. The prevailing party in a suit on this bond shall recover as part of his judgment such reasonable attorneys' fees as may be fixed by a judge of the Court.

Witness our hands this _____ day of _____.

Principal Seal

Surety Seal

By
Arizona Department of Environmental Quality
Agency of Record

DOCUMENT
CERTIFICATE OF INSURANCE
ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY

EV07-0027
Amendment #1



STATE OF ARIZONA
CERTIFICATE OF INSURANCE

STATE AGENCY/DEPT.: DEPARTMENT OF ENVIRONMENTAL QUALITY
PROJECT TITLE: _____
CONTRACT NUMBER: EV07-0027

PRODUCER	COMPANIES AFFORDING COVERAGE		CURRENT A.M. BEST RATING
	A		
	B		
	C		
INSURED	D		

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED.

TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	(,000)
GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> OCCURRENCE <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OWNER'S & CONTRACTOR'S PROT. <input type="checkbox"/> PER PROJECT <input type="checkbox"/> PRODUCT/COMPLETED OPERATIONS				GENERAL AGGREGATE PRODUCTS-COMP/OP AGG. PERSONAL & ADV. INJURY EACH OCCURRENCE FIRE DAMAGE(ANY ONE FIRE) MED.EXPENSE(ANY ONE PERSON)	2,000 1,000 1,000 1,000 50 50
AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS <input type="checkbox"/> GARAGE LIABILITY				COMBINED SINGLE LIMIT BODILY INJURY (PER PERSON) BODILY INJURY (PER ACCIDENT) PROPERTY DAMAGE	1,000
PROFESSIONAL LIABILITY <input type="checkbox"/> TYPE _____ <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCURRENCE				EACH OCCURRENCE AGGREGATE	500 1,000
EXCESS LIABILITY <input type="checkbox"/> UMBRELLA FORM <input type="checkbox"/> OTHER THAN UMBRELLA FORM				EACH OCCURRENCE AGGREGATE	10,000
WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY				STATUTORY LIMITS EACH ACCIDENT DISEASE-POLICY LIMIT DISEASE-EACH EMPLOYEE	500 1,000 500
BUILDERS RISK					
OTHER: FIDELITY BOND OR CRIME INSURANCE POLICY OTHER: PERSONAL PROPERTY COVERAGE				3 RD PARTY FIDELITY, THEFT & MISTERIOUS DISAPPEARANCE, NO REQUIREMENT FOR ARREST & CONVECTION, & COVER LOSS OUTSIDE NAMED INSURED PREMISES PROPERTY - REPLACEMENT VALUE	1,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / SPECIAL ITEMS:

STATE OF ARIZONA IT'S DEPARTMENTS, AGENCIES, BOARDS, COMMISSIONS AND UNIVERSITIES IT'S OFFICERS, EMPLOYEES, AGENTS, AND SUCH OTHERS ARE ADDED AS ADDITIONAL INSURED. IT IS AGREED THAT COVERAGES AFFORDED UNDER THE POLICIES CERTIFIED IN THIS CERTIFICATE SHALL BE PRIMARY AND ANY INSURANCE OR SELF-INSURANCE PROGRAM CARRIED BY THE STATE OR ANY OF ITS AGENCIES, BOARDS, DEPARTMENTS OR COMMISSIONS AND UNIVERSITIES SHALL BE EXCESS AND NOT CONTRIBUTORY INSURANCE TO THAT PROVIDED BY THE NAMED INSURED.

IT IS FURTHER AGREED THAT NO POLICY SHALL EXPIRE, BE CANCELED OR MATERIALLY CHANGED TO AFFECT THE COVERAGE AVAILABLE TO THE STATE WITHOUT THIRTY (15) DAYS WRITTEN NOTICE TO THE STATE. THIS CERTIFICATE IS NOT VALID UNLESS COUNTERSIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE INSURANCE COMPANY.

CERTIFICATE HOLDER / ADDITIONAL INSURED Arizona Department of Environmental Quality 1110 West Washington Street Phoenix, Arizona 85007-2935 Contract # EV07-0027	AUTHORIZED REPRESENTATIVE OF THE INSURANCE COMPANY _____ SIGNATURE DATE: _____
---	--

MONTHLY RECONCILIATION REPORT

MONTH ENDING:

INVOICE DATE:

SALES:

TEST TYPE:	FEE PER TEST	# TESTS	TOTAL COLLECTED
------------	-----------------	---------	--------------------

Area A

Idle
Steady State Loaded/Idle
Transient (IM147)
Diesel - light duty
Diesel - heavy duty
OBD *
Bi-Fuel

Area B

Idle
Steady State Loaded/Idle
Diesel - light duty
Diesel - heavy duty
OBD *
Bi-Fuel

TOTAL SALES:

**DOCUMENT
RECONCILIATION REPORT
ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY**

**EV07-0027
Amendment #1**

AMOUNT DUE CONTRACTOR:

TEST TYPE:	TEST COST	# TESTS	TOTAL COLLECTED
-------------------	------------------	----------------	----------------------------

TOTAL DUE CONTRACTOR:

PAYMENTS:

ADD'L DUE:

Total Payments

Addition (less) due Contractor

ADJUSTMENTS:

DUE CONTRACTOR

DUE ADEQ

TOTAL

Coupons redeemed Area A

Coupons redeemed Area B

Daily Deposits (Short) - ADEQ

Daily Deposits (Over) - Contractor

TOTAL ADJUSTMENTS:

ADJUSTMENT DUE:

**DOCUMENT
RECONCILLATION REPORT
ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY**

**EV07-0027
Amendment #1**

PREPAID COUPONS

Coupons redeemed for tests for month of:

DAY	PHOENIX-AREA A	TUCSON-AREA B	Total
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
TOTALS			

DAILY (SHORT)/OVER PER DAILY DEPOSIT RECAP SHEETS

MONTH OF:

DAY Enter Each Test Location in a Box across here

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29
- 30
- 31

TOTALS

EV07-0027
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DATE: _____

[illegible]

AUDITED/SUBMITTED BY:

<div>DOCUMENT INVOICE WEEKLY BILLING ARIZONA DEPARTMENT OF ENVIRONMENTAL QUALITY</div> <div>EV07-0027 Amendment #1</div>
--

INVOICE BILLING

INVOICE

PAGE: 1

DATE RANGE:

MARICOPA	# PAID	TOTAL	# FREE	TOTAL DUE
TEST TYPE	TESTS	COLLECTED	TESTS	CONTRACTOR

IDLE				
STEADY STATE LOADED/IDLE				
TRANSIENT (IM147)				
DIESEL - LIGHT DUTY				
DIESEL - HEAVY DUTY				
OBD				
BI-FUEL				
TOTALS				

PIMA	# PAID	TOTAL	# FREE	TOTAL DUE
TEST TYPE	TESTS	COLLECTED	TESTS	CONTRACTOR

IDLE				
STEADY STATE LOADED/IDLE				
DIESEL - LIGHT DUTY				
DIESEL - HEAVY DUTY				
OBD				
BI-FUEL				
TOTALS				